

APRIL 2003 FINANCE & INVESTMENT REPORT

Prepared By:	
Finance Director	
Submitted By:	
City Manager	

Agenda Item # 1

RECOMMENDED ACTION:

Accept and File Report

EXECUTIVE SUMMARY:

Attached is the monthly Finance and Investment Report for the period ended April 30, 2003. The report covers the first ten months of activity for the 2002/2003 fiscal year. A summary of the report is included on the first page for the City Council's benefit.

The monthly Finance and Investment Report is presented to the City Council and our Citizens as part of our ongoing commitment to improve and maintain public trust through communication of our finances, budget and investments. The report also serves to provide the information necessary to determine the adequacy/stability of financial projections and develop equitable resource/revenue allocation procedures.

This report covers all fiscal activity in the City, including the Redevelopment Agency. The Redevelopment Agency receives a separate report for the fiscal activity of the Agency at the meeting of the Agency. Presenting this report is consistent with the goal of *Maintaining and Enhancing the Financial Viability of the City*.

FISCAL IMPACT: as presented

CITY OF MORGAN HILL Monthly Financial and Investment Reports

April 30, 2003 – 83% Year Complete



Prepared by:

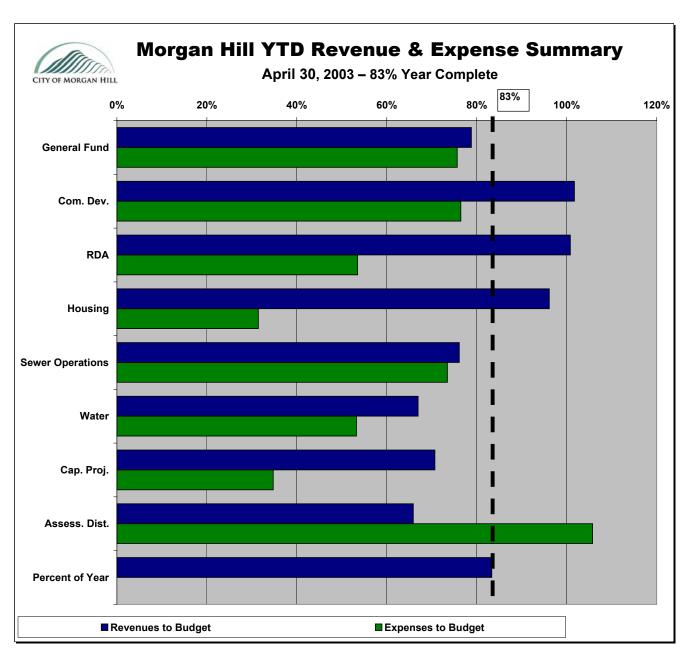
FINANCE DEPARTMENT



CITY OF MORGAN HILL, CALIFORNIA FINANCIAL STATEMENT ANALYSIS - FISCAL YEAR 2002/03 FOR THE MONTH OF APRIL 2003 - 83% OF YEAR COMPLETE

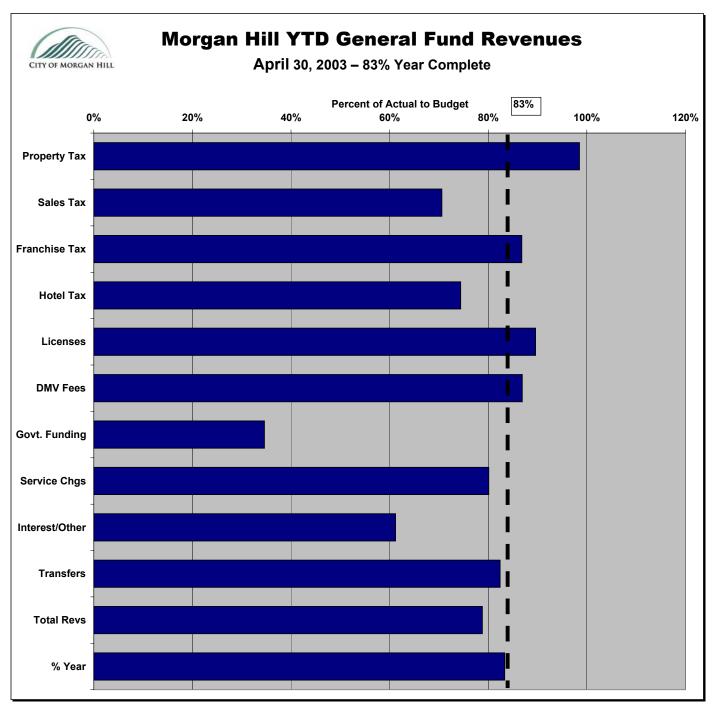
This analysis of the status of the City's financial situation reflects 83% of the year.

- * General Fund The revenues received in the General Fund were approximately 79% of the budgeted revenues. Property related taxes received through April 30 totaled 99% of budget. The amount of Sales Tax collected was 71% of the sales tax revenue budget and was 10% less than at this time last year. An amount equal to 87% of the budget for franchise fees has been collected to date. Business license and other permit collections were 90% of the budgeted amount because business license renewals were collected in June and July. Motor Vehicle-in-Lieu revenues were 87% of the budgeted amounts, up 8% compared to last year. Interest & Other Revenue were only 61% of budget and reflected interest earnings through March. Interest earnings for the month of April will be posted with quarterly earnings for the quarter ended June and are not reflected in this total. The amount of Interest & Other Revenue collected was low because the City did not begin to collect rental income for Community & Cultural Center rental activity until half way through the fiscal year and because declining interest rates have generated less interest earnings.
- * The General Fund expenditures and encumbrances to date totaled 76% of the budgeted appropriations. This total includes several activities for projects started in the last fiscal year; these projects and the related encumbrances were carried forward from the prior fiscal year.
- * Transient Occupancy (Hotel) Tax The TOT rate is 10%. The City received \$663,272 in revenue for the first three quarters of the fiscal year. The amount received was 3% less than the amount received in the same period for the prior year.
- * Community Development Revenues were 102% of budget, which was 40% more than the amount collected in the like period for the prior year. Increased revenues were received from building, planning, and engineering fees. Planning expenditures plus encumbrances were 83% of budget, Building has expended or encumbered 70% of budget and Engineering 75%. Community Development has expended or encumbered a combined total of 76% of the 2002/03 budget, including \$390,263 in encumbrances.
- * **RDA and Housing -** Property tax increment revenues of \$16,086,307, or 104% of budget, have been received as of April 30. However, the Redevelopment Agency is required to pay \$581,354 of this total back to the County in May 2003, as required by a State law enacted to help balance the 2002/03 State budget prior to adoption of that budget. (That amount was paid to the County on May 9.) Redevelopment expenditures plus encumbrances for Business Assistance and Housing were 76% of budget, including \$1,976,376 in encumbrances.
- * Water and Sewer Operations- Water Operations revenues, including service fees, were 81% of budget. Expenditures totaled 63% of appropriations. Sewer Operations revenues, including service fees, were 76% of budget. Expenditures for sewer operations were 73% of budget.
- * Investments maturing/called/sold during this period. During the month of April, \$4 million in federal agency investments was called, due to declining interest rates, and \$8 million was reinvested in federal agency investments. Further details of all City investments are contained on pages 6-8 of this report.

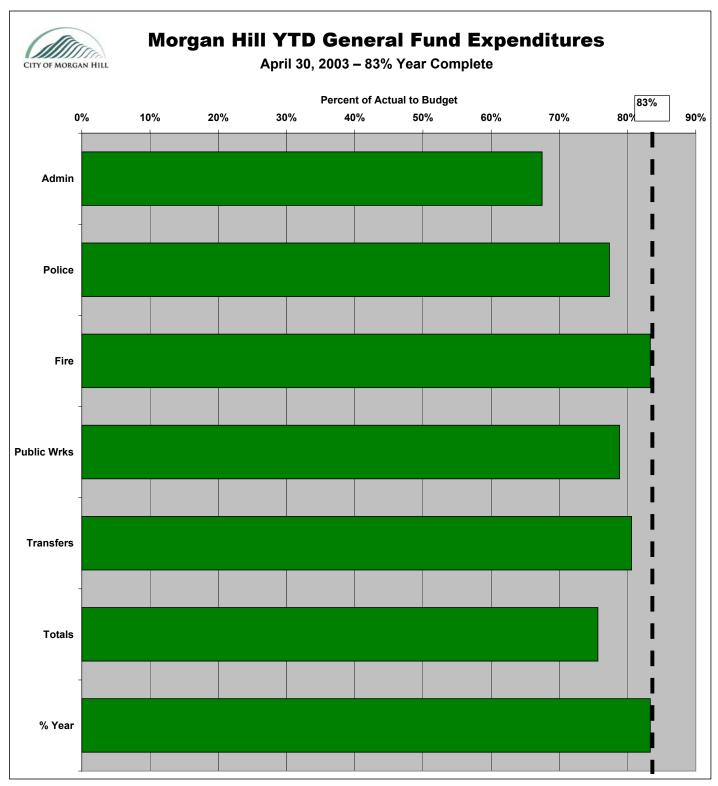


	REVENU	ES	EXPENS	ES	4/30/2003
		% OF	ACTUAL plus	% OF	UNRESTRICTED
FUND NAME	ACTUAL	BUDGET	ENCUMBRANCES	BUDGET	FUND BALANCE
General Fund	\$12,812,183	79%	\$12,780,729	76%	\$11,263,880
Community Development	2,154,571	102%	2,838,032	76%	1,194,066
RDA	12,934,531	101%	17,373,461	54%	16,282,112
Housing/CDBG	3,623,428	96%	2,144,591	31%	5,514,595
Sewer Operations	4,413,096	76%	5,089,931	73%	3,697,557
Sewer Other	1,523,203	81%	2,795,986	46%	11,537,636
Water	6,740,519	67%	9,347,201	53%	6,778,253
Other Special Revenues 1	881,697	81%	1,394,528	44%	2,901,506
Capital Projects & Streets Funds	4,237,576	71%	5,303,035	35%	22,214,763
Debt Service Funds	144,880	66%	519,030	106%	365,642
Internal Service	4,157,050	102%	3,791,724	92%	4,497,751
Agency	1,305,491	51%	3,421,358	100%	3,742,756
TOTAL FOR ALL FUNDS	\$54,928,225	82%	\$66,799,606	57%	\$89,990,517

¹ Includes all Special Revenue Funds except Community Development, CDBG, and Street Funds



			% OF	PRIOR YEAR	% CHANGE FROM
REVENUE CATEGORY	BUDGET	ACTUAL	BUDGET	TO DATE	PRIOR YEAR
PROPERTY RELATED TAXES	\$2,228,000	\$2,194,426	99%	\$2,128,510	3%
SALES TAXES	\$5,618,400	\$3,966,613	71%	\$4,419,110	-10%
FRANCHISE FEE	\$965,000	\$837,592	87%	\$810,891	3%
HOTEL TAX	\$892,000	\$663,272	74%	\$685,506	-3%
LICENSES/PERMITS	\$209,450	\$187,579	90%	\$196,553	-5%
MOTOR VEHICLE IN LIEU	\$1,965,000	\$1,707,188	87%	\$1,581,790	8%
FUNDING - OTHER GOVERNMENTS	\$228,300	\$78,998	35%	\$205,772	-62%
CHARGES CURRENT SERVICES	\$2,312,076	\$1,851,793	80%	\$1,586,634	17%
INTEREST & OTHER REVENUE	\$917,850	\$561,946	61%	\$516,733	9%
TRANSFERS IN	\$925,332	\$762,776	82%	\$492,324	55%
				•	•
TOTALS	\$16,261,408	\$12,812,183	79%	\$12,623,823	1%



Expenditure Category	Budget	Actual Plus cumbrances	% of Budget
ADMINISTRATION	5,412,625	3,652,086	67%
POLICE	6,443,305	4,982,917	77%
FIRE	3,623,938	3,019,948	83%
PUBLIC WORKS	879,230	693,028	79%
TRANSFERS OUT	537,000	432,750	81%
TOTALS	\$ 16,896,098	\$ 12,780,729	76%



City of Morgan Hill Fund Activity Summary - Fiscal Year 2002/03 For the Month of April 30, 2003 83% of Year Completed

			Revenues		Expenses		Year to-Date	Ending Fund Balance		Cash and Investments	
Fund		Fund Balance	YTD	% of	YTD	% of	Deficit or				
No.	Fund	06-30-02	Actual	Budget	Actual	Budget	Carryover	Reserved ¹	Unreserved	Unrestricted	Restricted ²
)10	GENERAL FUND	\$11,232,426	\$12,812,183	79%	\$12,617,438	75%	\$194,745	\$163,291	\$11,263,880	\$11,332,592	\$4,150
TOTAL G	ENERAL FUND	<u>\$11,232,426</u>	<u>\$12,812,183</u>	<u>79%</u>	<u>\$12,617,438</u>	<u>75%</u>	<u>\$194,745</u>	<u>\$163,291</u>	<u>\$11,263,880</u>	<u>\$11,332,592</u>	<u>\$4,150</u>
202	STREET MAINTENANCE	\$1,615,397	\$1,515,316	84%	\$1,415,194	43%	\$100,122	\$870,057	\$845,462	\$1,619,670	\$10,794
204/205	PUBLIC SAFETY/SUPPL. LAW	\$641,108	\$155,869	97%	\$270,448	86%	(\$114,579)		\$526,529	\$526,529	
06	COMMUNITY DEVELOPMENT	\$1,877,527	\$2,154,571	102%	\$2,447,769	66%	(\$293,198)	\$390,263	\$1,194,066	\$1,655,433	
07	GENERAL PLAN UPDATE	\$110,827	\$100,863	89%	\$9,587	5%	\$91,276	\$159,263	\$42,840	\$202,264	
10	COMMUNITY CENTER	\$754,628	\$122,594	103%	\$433,610	83%	(\$311,016)		\$443,612	\$443,612	
15 / 216	CDBG	\$566,540	\$18,237	8%	\$15,093	6%	\$3,144	382,796	\$186,888	\$143,227	
20	MUSEUM RENTAL	\$3,807	\$74	35%	\$2,440	80%	(\$2,366)		\$1,441	\$1,442	
25	ASSET SEIZURE	\$56,567	\$1,246	61%	\$20,000	59%	(\$18,754)		\$37,813	\$37,813	
26	OES/FEMA			n/a							
229	LIGHTING AND LANDSCAPE	\$64,203	\$68,646	64%	\$113,161	81%	(\$44,515)	\$13,530	\$6,158	\$19,985	
32	ENVIRONMENT PROGRAMS	\$465,250	\$320,921	84%	\$221,353	58%	\$99,568	\$49,401	\$515,417	\$567,133	
34	MOBILE HOME PK RENT STAB.	\$53,314	\$16,122	643%	\$37,364	53%	(\$21,242)		\$32,072	\$32,072	
35	SENIOR HOUSING	\$236,123	\$17,592	21%			\$17,592		\$253,715	\$253,715	
36	HOUSING IN LIEU	\$1,028,510	\$27,519	73%	11,875	53%	\$15,644	8,625	\$1,035,529	\$1,044,154	
40	EMPLOYEE ASSISTANCE		\$50,251	62%	43,871	1%	\$6,380		\$6,380	\$6,380	
OTAL S	PECIAL REVENUE FUNDS	<u>\$7,473,801</u>	<u>\$4,569,821</u>	<u>87%</u>	<u>\$5,041,765</u>	<u>50%</u>	<u>(\$471,944)</u>	<u>\$1,873,935</u>	<u>\$5,127,922</u>	<u>\$6,553,429</u>	<u>\$10,794</u>
01	PARK DEV. IMPACT FUND	\$2,871,149	\$410,419	36%	\$133,326	4%	\$277,093	\$39,090	\$3,109,152		\$3,148,242
02	PARK MAINTENANCE	\$2,692,750	\$303,490	195%	\$103,809	61%	\$199,681		\$2,892,431	\$2,892,430	
03	LOCAL DRAINAGE	\$2,534,182	\$318,799	101%	\$10,136	0%	\$308,663		\$2,842,845	, , , , , , , ,	\$2,842,845
04	LOCAL DRAINAGE/NON-AB1600	\$3,067,721	\$265,512	190%	\$83,161	21%	\$182,351		\$3,250,072	\$3,110,072	
05	OFF-STREET PARKING	\$3,886	\$104	68%			\$104		\$3,990	\$3,991	
06	OPEN SPACE	\$244,803	\$6,575	n/a			\$6,575		\$251,378	\$251,378	
09	TRAFFIC IMPACT FUND	\$2,870,728	\$680,056	63%	\$766,174	50%	(\$86,118)	\$416,917	\$2,367,693		\$2,772,745
11	POLICE IMPACT FUND	\$1,168,761	\$75,674	117%	\$80,060	8%	(\$4,386)		\$1,164,375		\$1,164,374
313	FIRE IMPACT FUND	\$2,515,636	\$195,085	117%	\$151,846	100%	\$43,239		\$2,558,875		\$2,558,876
17	REDEVELOPMENT AGENCY	\$22,668,149	\$12,934,531	101%	\$15,461,470	48%	(\$2,526,939)	3,859,098	\$16,282,112	\$18,176,298	
27 / 328	HOUSING	\$20,823,005	\$3,605,191	102%	\$2,042,906	30%	\$1,562,285	17,057,582	\$5,327,707	\$5,395,129	
40	MORGAN HILL BUS.RANCH I	\$46,679	\$1,253	69%			\$1,253		\$47,932	\$47,932	
42	MORGAN HILL BUS.RANCH II	\$52,423	\$1,407	69%			\$1,407		\$53,830	\$53,830	
46	PUBLIC FACILITIES NON-AB1600	\$1,033,867	\$254,050	100%			\$254,050		\$1,287,917	\$1,100,417	
47	PUBLIC FACILITIES IMPACT FUND	\$1,058,347	\$76,750	52%	\$370,159	32%	(\$293,409)	\$855,048	(\$90,110)		\$728,268
48	LIBRARY IMPACT FUND	\$368,112	\$37,327	103%	\$829	399%	\$36,498		\$404,610		\$404,610
50	UNDERGROUNDING	\$1,135,781	\$95,759	14%	\$7,229	1%	\$88,530		\$1,224,311	\$1,224,311	
OTAL C	APITAL PROJECT FUNDS	<u>\$65,155,979</u>	<u>\$19,261,982</u>	<u>94%</u>	<u>\$19,211,105</u>	<u>39%</u>	<u>\$50,877</u>	<u>\$22,227,735</u>	<u>\$42,979,120</u>	<u>\$32,255,788</u>	<u>\$13,619,960</u>
27	HIDDEN CREEK			n/a		1				I	
33	DUNNE/CONDIT			n/a							-
36	ENCINO HILLS	\$65,771	\$1,755	42%	\$500		\$1,255		\$67,026	\$67,026	
39	MORGAN HILL BUS. PARK	\$11,486	\$297	4%	\$562		(\$265)		\$11,221	\$11,220	
42	SUTTER BUSINESS PARK	\$24,079	\$646	10%	*		\$646		\$24,725	\$24,725	
45	COCHRANE BUSINESS PARK	\$606,826	\$125,042	79%	\$476,564	106%	(\$351,522)		\$255,304	\$74,354	\$180,950
551	JOLEEN WAY	\$31,630	\$17,140	40%	\$41,404	97%	(\$24,264)		\$7,366	(\$9,883)	\$17,250
OTAL D	EBT SERVICE FUNDS	\$739,792	\$144,880	66%	\$519,030	106%	(\$374,150)		\$365,642	\$167,442	\$198,200



City of Morgan Hill Fund Activity Summary - Fiscal Year 2002/03 For the Month of April 30, 2003 83% of Year Completed

		05-05-05-05-05-05-05-05-05-05-05-05-05-0	Revenues		Expenses		Year to-Date	Ending Fun	d Balance	Cash and In	vestments
Fund		Fund Balance	YTD	% of	YTD	% of	Deficit or				
No.	Fund	06-30-02	Actual	Budget	Actual	Budget	Carryover	Reserved ¹	Unreserved	Unrestricted	Restricted ²
640	SEWER OPERATIONS	\$17,312,471	\$4,413,096	76%	\$5,030,579	73%	(\$617,483)	\$12,997,431	\$3,697,557	\$4,627,651	\$1,862,685
641	SEWER IMPACT FUND	\$7,244,335	\$749,450	58%	\$1,660,218	37%	(\$910,768)	1,572,572	\$4,760,995		\$4,970,587
642	SEWER RATE STABILIZATION	\$3,469,485	\$308,725	250%	\$1,825	83%	\$306,900		\$3,776,385	\$3,776,385	
643	SEWER-CAPITAL PROJECTS	\$9,417,751	\$465,028	76%	\$1,010,816	32%	(\$545,788)	5,871,707	\$3,000,256	\$3,112,311	
650	WATER OPERATIONS	\$23,155,862	\$5,231,334	81%	\$5,773,091	25%	(\$541,757)	\$20,026,799	\$2,587,306	\$2,705,246	\$391,422
651	WATER IMPACT FUND	\$2,757,348	\$484,709	20%	\$1,061,549	34%	(\$576,840)	2,205,325	(\$24,818)		\$210,202
652	WATER RATE STABILIZATION	\$838,989	\$22,517	69%	\$424	83%	\$22,093		\$861,082	\$861,081	
653	WATER -CAPITAL PROJECT	\$7,869,151	\$1,001,959	83%	\$1,395,139	30%	(\$393,180)	4,121,289	\$3,354,683	\$3,801,598	
TOTAL E	NTERPRISE FUNDS	\$72,065,392	<u>\$12,676,818</u>	<u>71%</u>	<u>\$15,933,641</u>	<u>50%</u>	(\$3,256,823)	<u>\$46,795,123</u>	<u>\$22,013,446</u>	<u>\$18,884,272</u>	<u>\$7,434,896</u>
		r	Ţ		Ţ						
730	DATA PROCESSING	\$429,425	\$317,657	83%	\$333,895	51%	(\$16,238)	81,476	\$331,711	\$367,107	
740	BUILDING MAINTENANCE	\$155,445	\$697,617	83%	\$390,946	59%	\$306,671	29,045	\$433,071	\$474,316	
745	CIP ADMINISTRATION	\$83,108	\$971,788	74%	\$971,788	71%		142,677	(\$59,569)	\$113,066	
760	UNEMPLOYMENT INS.	\$77,693		n/a	\$24,690	49%	(\$24,690)		\$53,003	\$53,003	
770	WORKER'S COMP.	\$42,756	\$361,662	90%	\$486,542	90%	(\$124,880)	\$39,000	(\$121,124)	\$591,038	\$30,000
790	EQUIPMENT REPLACEMENT	\$3,279,710	\$461,323	90%	\$18,762	10%	\$442,561	940,056	\$2,782,215	\$2,838,930	
793	CORPORATION YARD	\$412,656	\$1,048,178	450%	\$779,556	231%	\$268,622	308,921	\$372,357	\$366,347	
795	GEN'L LIABILITY INS.	\$833,756	\$298,825	77%	\$426,494	129%	(\$127,669)		\$706,087	\$1,054,459	
TOTAL II	NTERNAL SERVICE FUNDS	<u>\$5,314,549</u>	<u>\$4,157,050</u>	<u>102%</u>	\$3,432,673	<u>83%</u>	<u>\$724,377</u>		<u>\$4,497,751</u>	<u>\$5,858,266</u>	<u>\$30,000</u>
820	SPECIAL DEPOSITS			1				1		\$774,768	
841	M.H. BUS.RANCH A.D.	\$1,620,366	\$270,418	200%	\$727,681	100%	(\$457,263)		\$1,163,103	\$584,777	\$578,325
842	M.H. BUS. RANCH II A.D.	\$270.163	\$18,455	19%	\$211.680	99%	(\$193,225)		\$76,938	\$17,425	\$59,513
843	M.H. BUS. RANCH 1998	\$1,685,884	\$466,530	40%	\$1,104,096	100%	(\$637,566)		\$1,048,318	\$162,969	\$885,349
845	MADRONE BP-TAX EXEMPT	\$1,696,402	\$387,782	40%	\$1,175,274	100%	(\$787,492)		\$908,910	\$102,969	\$798,650
846	MADRONE BP-TAXABLE	\$246,281	\$122,529	51%	\$201,791	73%	(\$79,262)		\$167,018	\$13,166	\$154,198
848	TENNANT AVE.BUS.PK A.D.	\$319,288	\$39,234	40%	\$836	7370	\$38,398		\$357,686	\$357,684	φ13 4 ,190
881	POLICE DONATION TRUST FUND	\$20,240	\$543	40%	φοσο		\$543		\$20,783	φ337,004	\$20,783
	GENCY FUNDS	\$5,858,624	\$1,305,491	51%	\$3,421,358	100%	(\$2,115,867)		\$3,742,756	\$2,021,049	\$2,496,818
1017127	ionic i chibo	40,000,024	<u> </u>	0170	40,421,000	10070	(42,110,001)		40,142,100	<u> </u>	<u> </u>
SUMMAR	RY BY FUND TYPE										
	GENERAL FUND GROUP	\$11,232,426	\$12,812,183	79%	\$12,617,438	75%	\$194,745	\$163,291	\$11,263,880	\$11,332,592	\$4,150
	SPECIAL REVENUE GROUP	\$7,473,801	\$4,569,821	87%	\$5,041,765	50%	(\$471,944)	\$1,873,935	\$5,127,922	\$6,553,429	\$10,794
	DEBT SERVICE GROUP	\$739,792	\$144,880	66%	\$519,030	106%	(\$374,150)	, , , , , , , , , ,	\$365,642	\$167,442	\$198,200
	CAPITAL PROJECTS GROUP	\$65,155,979	\$19,261,982	94%	\$19,211,105	39%	\$50,877	\$22,227,735	\$42,979,120	\$32,255,788	\$13,619,960
	ENTERPRISE GROUP	\$72,065,392	\$12,676,818	71%	\$15,933,641	50%	(\$3,256,823)	\$46,795,123	\$22,013,446	\$18,884,272	\$7,434,896
	INTERNAL SERVICE GROUP	\$5,314,549	\$4,157,050	102%	\$3,432,673	83%	\$724,377	,,	\$4,497,751	\$5,858,266	\$30,000
	AGENCY GROUP	\$5,858,624	\$1,305,491	51%	\$3,421,358	100%	(\$2,115,867)		\$3,742,756	\$2,021,049	\$2,496,818
	TOTAL ALL GROUPS	\$167,840,563	\$54,928,225	82%	\$60,177,010	<u>51%</u>	(\$5,248,785)	\$71,060,084	\$89,990,517	\$77,072,838	\$23,794,818
	TOTAL CASH AND INVESTMENTS									\$100,867,656	
	TOTAL GASTI AND INVESTIGENTS									ψ100,007,0 <u>00</u>	

For Enterprise Funds - Unrestricted fund balance = Fund balance net of fixed assets and long-term liabilities.

¹ Amount restricted for encumbrances, fixed asset replacement, long-term receivables, and bond reserves.

² Amount restricted for debt service payments and AB1600 capital expansion projects as detailed in the City's five year CIP Plan and bond agreements.



CITY OF MORGAN HILL CASH AND INVESTMENT REPORT

FOR THE MONTH OF APRIL 2003 FOR THE FISCAL YEAR OF 2002-03

	Invested		Book Value	Investment Category	% of	Market
	in Fund	Yield	End of Month	Subtotal at Cost	Total	Value
Investments						
State Treasurer LAIF - City	All Funds Pooled	1.90%	\$40,480,870		40.13%	\$40,619,527
- RDA	RDA	1.90%	\$22,182,413		21.99%	\$22,258,394
- Corp Yard	Corp Yard	1.90%	\$51,372		0.05%	\$51,548
Federal Issues	All Funds Pooled	4.42%	\$29,494,046		29.24%	\$29,749,605
Money Market	All Funds Pooled	1.20%	\$2,148,268	\$94,356,969	2.13%	\$2,148,268
Bond Reserve Accounts - held by trustees						
BNY - 2002 SCRWA Bonds						
MBIA Repurchase & Custody Agmt	Sewer	4.78%	\$1,849,400			
Blackrock Provident Temp Fund		0.89%	\$13,285		1.85%	\$1,862,685
US Bank - 1999 Water C.O.P.						
First American Treasury Obligation	Water	1.29%	\$391,422		0.39%	\$391,422
US Bank - MH Ranch 98	MH Ranch					
First American Treasury Obligation	Agency Fund	1.29%	\$885,349		0.88%	\$885,349
US Bank - Madrone Bus Park Tax Exempt	Madrone Bus Park					
First American Treasury Obligation	Agency Fund	1.29%	\$798,650		0.79%	\$798,650
US Bank - Madrone Bus Park Taxable	Madrone Bus Park					
First American Treasury Obligation	Agency Fund	1.29%	\$154,197	\$4,092,303	0.15%	\$154,197
Checking Accounts						
General Checking	All Funds		\$2,384,234		2.36%	\$2,384,234
Dreyfuss Treas Cash Management Account	All Funds				0.00%	\$0
Athens Administators Workers' Comp	Workers' Comp		\$30,000		0.03%	\$30,000
Petty Cash & Emergency Cash	Various Funds		\$4,150	\$2,418,384	0.00%	\$4,150
Total Cash and Investments			\$100,867,656	<u>\$100,867,656</u>	100.00%	\$101,338,029
			CASH ACTIVIT			

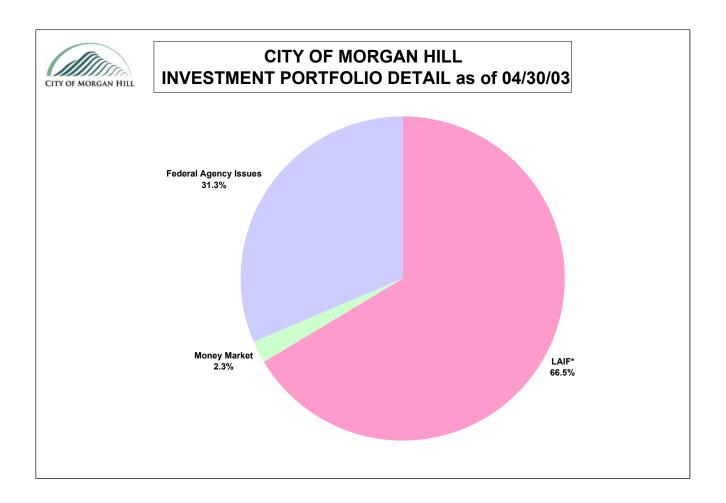
CASH	ACTIV	ITY	SUMMARY	
			_	

	07/01/02	Change in	04/30/03		
Fund Type	Balance	Cash Balance	Balance	Restricted	Unrestricted
General Fund	\$11,396,207	(\$59,465)	\$11,336,742	\$4,150	\$11,332,592
Community Development	\$2,011,445	(\$356,012)	\$1,655,433	\$0	\$1,655,433
RDA (except Housing)	\$22,128,854	(\$3,952,556)	\$18,176,298	\$0	\$18,176,298
Housing / CDBG	\$4,167,760	\$1,370,596	\$5,538,356	\$0	\$5,538,356
Water	\$9,541,195	(\$1,571,647)	\$7,969,548	\$601,623	\$7,367,925
Sewer - Operations	\$7,057,299	(\$566,963)	\$6,490,336	\$1,862,685	\$4,627,651
Sewer Other	\$13,270,287	(\$1,411,003)	\$11,859,284	\$4,970,588	\$6,888,696
Other Special Revenue	\$3,379,537	(\$244,438)	\$3,135,099	\$0	\$3,135,099
Streets and Capital Projects (except RDA)	\$23,005,915	\$928,870	\$23,934,785	\$13,630,754	\$10,304,031
Assessment Districts	\$736,561	(\$370,920)	\$365,641	\$198,199	\$167,442
Internal Service	\$5,284,536	\$603,730	\$5,888,266	\$30,000	\$5,858,266
Agency Funds	\$6,427,696	(\$1,909,828)	\$4,517,868	\$2,496,819	\$2,021,049
Total	\$108,407,292	(\$7,539,636)	\$100,867,656	\$23,794,818	\$77,072,838

Note: See Investment Porfolio Detail for maturities of "Investments." Market values are obtained from the City's investment brokers' monthly reports. *Market Value as of 03/31/03

I certify the information on the investment reports on pages 6-8 has been reconciled to the general ledger and bank statements and that there are sufficient funds to meet the expenditure requirements of the City for the next six months. The portfolio is in compliance with the City of Morgan Hill investment policy and all State laws and regulations.

Prepared by:		Approved by:		
	Lourdes Reroma Accountant I		Jack Dilles Director of Finance	
Verified by:	Tina Reza		Mike Roorda	
	Assistant Director of Finance		City Treasurer	



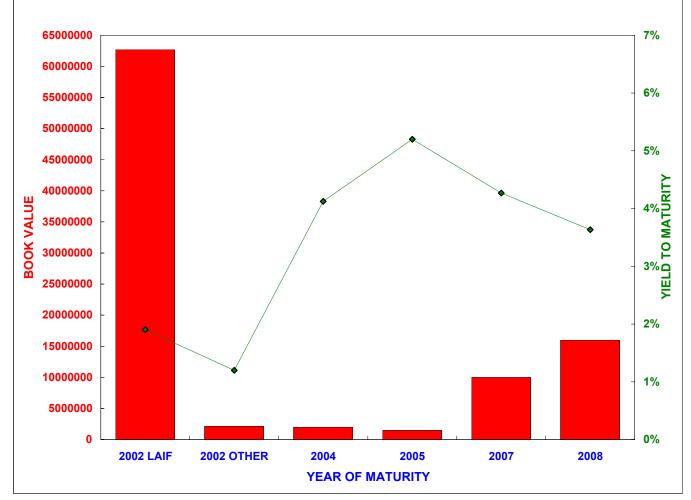
Investment Type	Purchase Date	Book Value	% of Portfolio	Market Value	Stated Rate	Interest Earned	Next Call Date	Date of Maturity	Years to Maturity
LAIF*		\$62,714,655	66.47%	\$62,929,469	1.904%	\$992,461			0.003
Federal Agency Issues									
Fed Natl Mortgage Assn Fed Natl Mortgage Assn Fed Farm Credit Bank Fed Home Loan Mgt Corp Fed Home Loan Mgt Corp Fed Home Loan Bank Fed Home Loan Bank	05/02/02 08/01/01 03/18/03 07/09/02 08/20/02 09/27/02 02/04/03 03/11/03 03/12/03 03/26/03 04/08/03 04/14/03	\$2,000,000 \$1,500,000 \$2,000,000 \$4,000,000 \$2,000,000 \$2,000,000 \$2,000,000 \$2,000,000 \$2,000,000 \$2,000,000 \$2,000,000 \$2,000,000 \$2,000,000	2.12% 1.59% 2.12% 4.24% 2.12% 2.12% 2.12% 2.12% 2.12% 2.12% 2.12% 2.12% 2.12%	\$2,000,000 \$1,515,465 \$2,005,620 \$4,028,760 \$2,018,760 \$2,023,120 \$2,013,120 \$2,021,880 \$2,023,180 \$2,014,380 \$2,031,980 \$2,010,000 \$2,026,860	4.125% 5.200% 3.350% 4.875% 4.250% 4.000% 3.900% 3.500% 3.750% 3.700% 3.813% 3.600%	\$68,821 \$64,856 \$8,011 \$157,832 \$58,936 \$47,609 \$18,530 \$9,701 \$9,511 \$6,603 \$4,650 \$3,542 \$2,951	05/02/03 08/01/05 06/18/03 07/09/03 08/20/03 09/27/03 08/04/03 03/11/04 03/12/04 03/26/04 04/08/04 07/14/03 04/16/04	11/02/04 08/01/05 06/18/07 07/09/07 08/20/07 09/27/07 02/04/08 03/11/08 03/12/08 03/26/08 04/08/08 04/14/08	1.510 2.255 4.134 4.192 4.307 4.411 4.767 4.866 4.868 4.907 4.942 4.959 4.964
Fed Home Loan Mgt Corp Redeemed FY 02/03 Sub Total/Average	04/17/03	\$1,994,046 \$29,494,046	2.11% 31.26%	\$2,016,480 \$29,749,605	3.691% 4.422%	\$2,824 \$926,642 \$1,391,019	10/17/03	04/17/08	4.967 4.074
Money Market		\$2,148,268	2.28%	\$2,148,268	1.200%	\$27,371			0.003
TOTAL/AVERAGE	=	\$94,356,969	100.00%	\$94,827,342	2.532%	\$2,410,851			1.419

^{*}Per State Treasurer Report dated 03/31/2003, LAIF had invested approximately 12% of its balance in Treasury Bills and Notes, 17% in CDs, 23% in Commercial Paper and Corporate Bonds, 0% in Banker's Acceptances and 48% in others.



CITY OF MORGAN HILL

INVESTMENT MATURITIES AS OF APRIL 30, 2003



YEAR OF	воок	MARKET	AVERAGE	% OF
MATURITY	VALUE	VALUE	RATE	TOTAL
2002 LAIF	\$62,714,654	\$62,929,469	1.904%	66.47%
2002 OTHER	\$2,148,268	\$2,148,268	1.200%	2.28%
2004	\$2,000,000	\$2,000,000	4.125%	2.12%
2005	\$1,500,000	\$1,515,465	5.200%	1.59%
2007	\$10,000,000	\$10,076,260	4.270%	10.60%
2008	\$15,994,046	\$16,157,880	3.635%	16.95%
TOTAL	\$94,356,969	\$94,827,342	2.532%	100.00%



FUND	ADODTED	AMENDED	CURRENT	0/	DDIOD	INCR (DECR)	0/
REVENUE SOURCE	ADOPTED BUDGET	AMENDED BUDGET	YTD ACTUAL	% OF BUDGET	PRIOR YTD	FROM PRIOR YTD	% OF BUDGE
010 GENERAL FUND							
TAXES							
Property Taxes - Secured/Unsecured/Prio	1,883,000	1,883,000	1,883,910	100%	1,824,914	58,996	3%
Supplemental Roll	125,000	125,000	123,446	99%	127,931	(4,485)	
Sales Tax	5,330,000	5,330,000	3,764,803	71%	4,200,379	(435,576)	
Public Safety Sales Tax	288,400	288,400	201,810	70%	218,731	(16,921)	
Transient Occupancy Taxes	892,000	892,000	663,272	74%	685,506	(22,234)	
Franchise (Refuse ,Cable ,PG&E)	965,000	965,000	837,592	87%	810,891	26,701	3%
Property Transfer Tax	220,000	220,000	187,070	<u>85%</u>	175,665	11,405	6%
TOTAL TAXES	9,703,400	9,703,400	7,661,903	79%	8,044,017	(382,114)	
LICENSES/PERMITS							
Business License	164,000	164,000	147,170	90%	154,885	(7,715)	-5%
Other Permits	45,450	45,450	40,409	<u>89%</u>	41,668	(1,259)	<u>-3%</u>
TOTAL LICENSES/PERMITS	209,450	209,450	187,579	90%	196,553	(8,974)	
FINES AND PENALTIES							
Parking Enforcement	15,000	15,000	7,226	48%	9,584	(2,358)	-25%
City Code Enforcement	82,000	82,000	44,718	55%	68,749	(24,031)	-35%
Business tax late fee/other fines	-	2,500	1,741	<u>n/a</u>	2,355	(614)	<u>-26%</u>
TOTAL FINES AND PENALTIES	97,000	99,500	53,685	54%	80,688	(27,003)	-33%
OTHER AGENCIES							
Motor Vehicle in-Lieu	1,965,000	1,965,000	1,707,188	87%	1,581,790	125,398	8%
Other Revenue - Other Agencies	228,300	228,300	78,998	<u>35%</u>	205,772	(126,774)	<u>-62%</u>
TOTAL OTHER AGENCIES	2,193,300	2,193,300	1,786,186	81%	1,787,562	(1,376)	0%
CHARGES CURRENT SERVICES							
False Alarm Charge	24,000	24,000	18,885	79%	23,292	(4,407)	
Business License Application Review	18,000	18,000	21,542	120%	19,299	2,243	12%
Recreation Classes	231,741	231,741	85,950	37%	30,113	55,837	185%
General Administration Overhead	1,855,937	1,855,937	1,546,612	83%	1,312,903	233,709	18%
Other Charges Current Services TOTAL CURRENT SERVICES	184,898 2,314,576	182,398 2,312,076	178,804 1,851,793	<u>98%</u> 80%	201,027 1,586,634	(22,223) 265,159	<u>-11%</u> 17%
OTHER REVENUE	, ,	, ,	, ,		, ,	•	
OTHER REVENUE	704 400	700 400	450.040	600/	257 224	404.004	200/
Use of money/property	724,400	739,400	459,312	62%	357,331	101,981	29%
Other revenues TOTAL OTHER REVENUE	78,950 803,350	78,950 818,350	48,949 508,261	62% 62%	78,714 436,045	(29,765) 72,216	<u>-38%</u> 17%
TRANSFERS IN							
Park Maintenance	100,000	100,000	75,000	75%	75,000	_	n/a
Sewer Enterprise	17,500	17,500	14,583	83%	12,500	2,083	17%
Water Enterprise	17,500	17,500	14,583	83%	12,500	2,083	17%
Public Safety	270,000	270,000	225,000	83%	159,422	65,578	41%
Community Cultural Center	520,332	520,332	433,610	83%		433,610	n/a
Other Funds	-		-	<u>n/a</u>	232,902	(232,902)	<u>-100%</u>
TOTAL TRANSFERS IN	925,332	925,332	762,776	82%	492,324	270,452	55%



FUND			CURRENT			INCR (DECR)	
REVENUE	ADOPTED	AMENDED	YTD	%	PRIOR	FROM PRIOR	%
SOURCE	BUDGET	BUDGET	ACTUAL	OF BUDGET	YTD	YTD	OF BUDG
PECIAL REVENUE FUNDS							
02 STREET MAINTENANCE							
Gas Tax 2105 - 2107.5	658,000	658,000	619,830	94%	628,328	(8,498)	
Measure A & B	-	-	-	n/a	-	-	n/a
Tea 21	-	-	-	n/a		-	n/a
Transfers In	977,000	977,000	782,750	80%	627,500	155,250	25%
Project Reimbursement	117,000	117,000	70,402	60%	-	70,402	n/a
Interest / Other Revenue/Other Charges	55,500	55,500	42,334	<u>76%</u>	73,661	(31,327)	<u>-43%</u>
02 STREET MAINTENANCE	1,807,500	1,807,500	1,515,316	84%	1,329,489	185,827	14%
204/205 PUBLIC SAFETY TRUST							
Interest Income	30,400	30,400	17,230	57%	22,316	(5,086)	
Police Grant/SLEF	100,000	100,000	100,000	100%	100,000	-	n/a
PD Block Grant	-	-	-	n/a	10,070	(10,070)	
CA Law Enforcement Equip.Grant	-	-	20,765	n/a	40,663	(19,898)	
Federal Police Grant (COPS)	30,000	30,000	17,874	60%	41,226	(23,352)	-57%
<u>Transfers In</u>				<u>n/a</u>			<u>n/a</u>
204/205 PUBLIC SAFETY TRUST	160,400	160,400	155,869	97%	214,275	(58,406)	-27%
06 COMMUNITY DEVELOPMENT							
Building Fees	1,134,000	1,134,000	1,117,361	99%	804,172	313,189	39%
Planning Fees	438,147	438,147	508,484	116%	223,161	285,323	128%
Engineering Fees	480,000	480,000	480,785	100%	309,350	171,435	55%
Other Revenue/Current Charges	66,276	66,276	47,941	72%	64,552	(16,611)	-26%
<u>Transfers</u>				<u>n/a</u>	142,894	(142,894)	<u>-100%</u>
206 COMMUNITY DEVELOPMENT	2,118,423	2,118,423	2,154,571	102%	1,544,129	610,442	40%
207 GENERAL PLAN UPDATE	113,582	113,582	100,863	89%	28,607	72,256	253%
215 and 216 HCD BLOCK GRANT							
HCD allocation	181,306	181,306	-	n/a	73,716	(73,716)	-100%
Interest Income/Other Revenue	50,000	50,000	18,237	36%	4,149	14,088	340%
<u>Transfers</u>				<u>n/a</u>			<u>n/a</u>
15 and 216 HCD BLOCK GRANT	231,306	231,306	18,237	8%	77,865	(59,628)	-77%
10 COMMUNITY CENTER	119,041	119,041	122,594	103%	219,015	(96,421)	-44%
20 MUSEUM RENTAL	212	212	74	35%	122	(48)	-39%
25 ASSET SEIZURE	2,057	2,057	1,246	61%	863	383	44%
26 OES/FEMA	-	-	-	n/a	8,750	(8,750)	-100%
29 LIGHTING AND LANDSCAPE	107,429	107,429	68,646	64%	58,410	10,236	18%
32 ENVIRONMENTAL PROGRAMS	380,755	380,755	320,921	84%	284,479	36,442	13%
34 MOBILE HOME PARK RENT STAB.	2,507	2,507	16,122	643%	51,670	(35,548)	-69%
35 SENIOR HOUSING	85,541	85,541	17,592	21%	22,547	(4,955)	-22%
36 HOUSING MITIGATION	37,500	37,500	27,519	73%	944,619	(917,100)	-97%
240 EMPLOYEE ASSISTANCE	80,786	80,786	50,251	62%	-	50,251	n/a
TOTAL SPECIAL REVENUE FUNDS	5,247,039	5,247,039	4,569,821	87%	4,784,840	(215,019)	-4%



off of Monoral Hitt	03/6 Of Teal Co	Jiiibieren					
FUND			CURRENT			INCR (DECR)	
REVENUE	ADOPTED	AMENDED	YTD	%	PRIOR	FROM PRIOR	%
SOURCE	BUDGET	BUDGET	ACTUAL	OF BUDGET	YTD	YTD	OF BUDGE
CAPITAL PROJECTS FUNDS							
301 PARK DEVELOPMENT	1,129,006	1,129,006	410,419	36%	258,569	151,850	59%
302 PARK MAINTENANCE	155,300	155,300	303,490	195%	93,140	210,350	226%
303 LOCAL DRAINAGE	315,223	315,223	318,799	101%	217,837	100,962	46%
304 LOCAL DRAINAGE/NON AB1600	139,949	139,949	265,512	190%	121,793	143,719	118%
305 OFF-STREET PARKING	152	152	104	68%	92	12	13%
306 OPEN SPACE			6,575	n/a	193,000	(186,425)	-97%
309 TRAFFIC MITIGATION	1,080,268	1,080,268	680,056	63%	1,202,633	(522,577)	-43%
311 POLICE MITIGATION	64,919	64,919	75,674	117%	45,191	30,483	67%
313 FIRE MITIGATION	166,935	166,935	195,085	117%	124,483	70,602	57%
317 RDA CAPITAL PROJECTS							
Property Taxes & Supplemental Roll	12,084,000	12,084,000	12,614,818	104%	10,846,112	1,768,706	16%
Development Agreements				n/a	-	-	n/a
Interest Income, Rents	595,853	595,853	274,470	46%	679,255	(404,785)	
Other Agencies/Current Charges	152,500	152,500	45,243	<u>30%</u>	642,762	(597,519)	
317 RDA CAPITAL PROJECTS	12,832,353	12,832,353	12,934,531	101%	12,168,129	766,402	6%
27/328 RDA L/M HOUSING							
Property Taxes & Supplemental Roll	3,438,000	3,438,000	3,471,489	101%	2,990,770	480,719	16%
Interest Income, Rent	100,000	100,000	132,851	133%	139,240	(6,389)	
Other	590	590	851	<u>144%</u>	650	201	31%
27/328 RDA L/M HOUSING	3,538,590	3,538,590	3,605,191	102%	3,130,660	474,531	15%
46 PUBLIC FACILITIES NON-AB1600	254,300	254,300	254,050	100%	213,505	40,545	19%
347 PUBLIC FACILITIES	148,617	148,617	76,750	52%	75,439	1,311	2%
348 LIBRARY	36,299	36,299	37,327	103%	25,709	11,618	45%
350 UNDERGROUNDING	692,745	692,745	95,759	14%	219,019	(123,260)	
340 MORGAN HILL BUS.RANCH CIP I	1,825	1,825	1,253	69%	1,150	103	9%
342 MORGAN HILL BUS.RANCH CIP II	2,052	2,052	1,407	69%	1,236	171	14%
TOTAL CAPITAL PROJECTS FUNDS	20,558,533	20,558,533	19,261,982	94%	18,091,585	1,170,397	6%
DEBT SERVICE FUNDS							
527 HIDDEN CREEK	-	-	-	n/a	-	-	n/a
33 DUNNE AVE. / CONDIT ROAD	-	-	-	n/a	-	-	n/a
36 ENCINO HILLS	4,209	4,209	1,755	42%	1,402	353	25%
39 MORGAN HILL BUSINESS PARK	7,707	7,707	297	4%		297	n/a
542 SUTTER BUSINESS PARK	6,215	6,215	646	10%	4=	646	n/a
545 COCHRANE BUSINESS PARK	158,673	158,673	125,042	79%	153,225	(28,183)	
551 JOLEEN WAY	43,068	43,068	17,140	40%	18,553	(1,413)	-8%
TOTAL DEBT SERVICE FUNDS	219,872	219,872	144,880	66%	173,180	(28,300)	-16%



FUND		•	CURRENT			INCR (DECR)	
REVENUE	ADOPTED	AMENDED	YTD	%	PRIOR	FROM PRIOR	%
SOURCE	BUDGET	BUDGET	ACTUAL	OF BUDGET	YTD	YTD	OF BUDG
ENTERPRISE FUNDS							
640 SEWER OPERATION							
Sewer Service Fees	5,389,650	5,389,650	4,176,984	78%	4,599,070	(422,086)	
Interest Income	295,119	295,119	121,935	41%	187,945	(66,010)	
Sewer Rate Stabilization	-	-	-	n/a		-	n/a
Other Revenue/Current Charges	113,900	113,900	114,177	<u>100%</u>	95,048	19,129	<u>20%</u>
640 SEWER OPERATION	5,798,669	5,798,669	4,413,096	76%	4,882,063	(468,967)	-10%
41 SEWER EXPANSION							
Interest Income	176,887	176,887	146,045	83%	142,620	3,425	2%
Connection Fees	1,125,000	1,125,000	602,745	54%	1,330,322	(727,577)	
Other 641 SEWER EXPANSION	1,301,887	1,301,887	749,450	<u>n/a</u> 58%	1,473,602	(724,152)	n/a -49%
CAS SEWED DATE STADILIZATION	402 270	402 270	200 725	2500/	207 020	(70.442)	209/
642 SEWER RATE STABILIZATION	123,378 -	123,378 -	308,725	250%	387,838	(79,113)	-20%
343 SEWER-CAPITAL PROJECT	608,429	608,429	465,028	76%	459,890	5,138	1%
TOTAL SEWER FUNDS	7,832,363	7,832,363	5,936,299	76%	7,203,393	(1,267,094)	-18%
50 WATER OPERATION							
Water Sales	5,855,915	5,855,915	4,648,979	79%	4,868,546	(219,567)	-5%
Meter Install & Service	48,000	48,000	41,963	87%	27,483	14,480	53%
Transfers-In, and Interest Income	384,673	384,673	252,709	66%	305,868	(53,159)	
Other Revenue/Current Charges	171,770	171,770	287,683	<u>167%</u>	240,444	47,239	<u>20%</u>
550 WATER OPERATION	6,460,358	6,460,358	5,231,334	81%	5,442,341	(211,007)	-4%
S51 WATER EXPANSION							
Interest Income/Other Revenue/Transfer	480,602	1,980,602	362,487	18%	27,569	334,918	1215%
Water Connection Fees	387,000	387,000	122,222	32%	125,588	(3,366)	
551 WATER EXPANSION	867,602	2,367,602	484,709	20%	153,157	331,552	216%
ST WATER EXTANSION	007,002	2,307,002	404,703	2070	100,107	331,332	210/0
52 Water Rate Stabilization	32,844	32,844	22,517	69%	19,638	2,879	15%
53 Water Capital Project	1,207,662	1,207,662	1,001,959	83%	960,659	41,300	4%
TOTAL WATER FUNDS	8,568,466	10,068,466	6,740,519	67%	6,575,795	164,724	3%
OTAL ENTERPRISE FUNDS	16,400,829	17,900,829	12,676,818	71%	13,779,188	(1,102,370)	-8%
NTERNAL SERVICE FUNDS							
OR INFORMATION OFFINIORS	004.400	004.400	047.057	000/	504.000	(040 500)	400/
30 INFORMATION SERVICES	381,190	381,190	317,657	83%	531,239	(213,582)	
40 BUILDING MAINTENANCE SERVICES	837,139	837,139	697,617		636,213	61,404	10%
45 CIP ADMINISTRATION	1,308,226	1,308,226	971,788		804,386	167,402	21%
60 UNEMPLOYMENT INSURANCE	970	970	204.000	n/a	244 004		n/a
70 WORKERS COMPENSATION	399,907	399,907	361,662	90%	341,624	20,038	6%
90 EQUIPMENT REPLACEMENT	511,371	511,371	461,323	90%	405,290	56,033	14%
'93 CORPORATION YARD COMMISSION	233,033	233,033 387,806	1,048,178	450% 77%	416,362 337,250	631,816 (38,425)	152% -11%
795 GENERAL LIABILITY INSURANCE	387,806	301,006	298,825	1170	331,250	(38,425)	-1176
OTAL INTERNAL SERVICE FUNDS	4,059,642	4,059,642	4,157,050	102%	3,472,364	684,686	20%



FUND			CURRENT			INCR (DECR)	
REVENUE	ADOPTED	AMENDED	YTD	%	PRIOR	FROM PRIOR	%
SOURCE	BUDGET	BUDGET	ACTUAL	OF BUDGET	YTD	YTD	OF BUDGET
AGENCY FUNDS							
841 M.H. BUS.RANCH A.D. I	135,458	135,458	270,418	200%	388,946	(118,528)	-30%
842 M.H. BUS.RANCH A.D. II	99,679	99,679	18,455	19%	48,612	(30,157)	-62%
843 M.H. BUS.RANCH 1998	939,155	939,155	466,530	50%	472,523	(5,993)	-1%
845 MADRONE BP-TAX EXEMPT	846,721	846,721	387,782	46%	497,240	(109,458)	-22%
846 MADRONE BP-TAXABLE	184,234	184,234	122,529	67%	82,256	40,273	49%
848 TENNANT AVE.BUS.PK A.D.	332,553	332,553	39,234	12%	271,278	(232,044)	-86%
881 POLICE DONATION TRUST FUND	1,371	1,371	543	40%	552	(9)	-2%
TOTAL AGENCY FUNDS	2,539,171	2,539,171	1,305,491	51%	1,761,407	(455,916)	-26%
TOTAL FOR ALL FUNDS	65,271,494	66,786,494	54,928,225	82%	54,686,387	772,866	1%



		THIS						
FUND		MONTH						PERCENT OF
NO.	FUND/ACTIVITY	ACTUAL	ADOPTED	AMENDED	YTD	OUTSTANDING	TOTAL	TOTAL TO
		EXPENSES	BUDGET	BUDGET	EXPENSES	ENCUMBRANCE	ALLOCATED	BUDGET

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010 GENERAL FUND							
I. GENERAL GOVERNMENT							
COUNCIL AND MISCELLANEOUS GOVT	г.						
	12,573	226 417	242 271	147,294	1 110	148,413	61%
City Council		236,417	242,371		1,119 6,707	36,250	77%
Community Promotions _ COUNCIL AND MISCELLANEOUS GO	938 13,511	40,604	47,303	29,543 176,837	7,826		
COUNCIL AND MISCELLANEOUS GO	13,511	277,021	289,674	176,037	7,026	184,663	64%
CITY ATTORNEY	60,166	668,556	751,176	675,228	-	675,228	<u>90%</u>
CITY MANAGER							
City Manager	26,828	393,276	446,628	320,816	-	320,816	72%
Cable Television	1,221	46,755	61,366	54,269	6,110	60,379	98%
Communications & Marketing	9,480	116,982	116,982	80,020	6,830	86,850	<u>74%</u>
CITY MANAGER	37,529	557,013	624,976	455,105	12,940	468,045	75%
RECREATION							
Recreation	38,115	479,220	486,520	359,546	47,821	407,367	84%
Community & Cultural Center	33,243	684,196	710,546	255,713	23,925	279,638	39%
Building Maintenance (CCC)	15,341	205,115	220,115	127,085	6,946	134,031	61%
RECREATION	86,699	1,368,531	1,417,181	742,344	78,692	821,036	58%
REGREATION	00,033	1,300,331	1,417,101	144,344	10,032	021,030	JU /0
HUMAN RESOURCES							
Human Resources	34,407	606,543	607,257	448,558	3,868	452,426	75%
Volunteer Programs	1,669	38,193	38,193	21,854	-	21,854	<u>57%</u>
HUMAN RESOURCES	36,076	644,736	645,450	470,412	3,868	474,280	73%
	,	,	,	,	2,222	,	
CITY CLERK							
City Clerk	18,398	373,823	404,150	203,260	861	204,121	51%
Elections _	2,338	65,811	65,811	42,438	<u> </u>	42,438	<u>64%</u>
CITY CLERK	20,736	439,634	469,961	245,698	861	246,559	52%
FINANCE	65,655	1,075,090	1,094,207	731,976	299	732,275	67%
MEDICAL SERVICES	-	120,000	120,000	50,000	-	50,000	42%
TOTAL GENERAL GOVERNMENT	320,372	5,150,581	5,412,625	3,547,600	104,486	3,652,086	67%
II. PUBLIC SAFETY							
POLICE							
PD Administration	32,829	596,573	596,573	356,350		356,350	60%
Patrol	223,120	3,131,616	3,138,478	2,490,976	100	2,491,076	79%
Support Services	89,337	867,088	868,069	737,249	3,349	740,598	85%
Emergency Services/Haz Mat	3,789	89,549	89,549	45,495	-	45,495	51%
Special Operations	70,288	792,804	792,804	692,131	-	692,131	87%
Animal Control	6,402	71,919	71,919	56,813	30,524	87,337	121%
Dispatch Services	59,797	821,421	885,913	568,830	1,100	569,930	64%
POLICE	485,562	6,370,970	6,443,305	4,947,844	35,073	4,982,917	77%
FIRE	301,995	3,623,938	3,623,938	3,019,948	-	3,019,948	83%
TOTAL PUBLIC SAFETY	787,557	9,994,908	10,067,243	7,967,792	35,073	8,002,865	79%
III. COMMUNITY IMPROVEMENT							
PARK MAINTENANCE	55,082	826,483	879,230	669,296	23,732	693,028	79%
TOTAL COMMUNITY IMPROVEMENT	55,082	826,483	879,230	669,296	23,732	693,028	79%
	55,002	020,700	0.0,200	000,200	20,102	000,020	1070



Community Center	FUND NO.	FUND/ACTIVITY	MONTH ACTUAL EXPENSES	ADOPTED BUDGET	AMENDED BUDGET	YTD EXPENSES	OUTSTANDING ENCUMBRANCE	TOTAL ALLOCATED	TOTAL TO BUDGET
Community Center	V. TRA	NSFERS							
TOTAL TRANSFERS 99,250 537,000 60,000 50,000 - 50,000 632 TOTAL TRANSFERS 99,250 537,000 537,000 432,750 - 432,750 811 TOTAL TRANSFERS 99,250 537,000 537,000 432,750 - 432,750 811 TOTAL TRANSFERS 99,250 537,000 537,000 432,750 - 432,750 811 TOTAL TRANSFERS 99,250 16,396,098 12,617,438 163,291 12,780,729 765 TOTAL TRANSFERS 79,820 1,128,265 157,041 1,283,306 705 Congestion Management 3,451 79,820 79,820 46,539 578 Street Maintenance 118,928 1,905,392 3,14,23 1,415,194 870,057 2,285,251 693 Street Clip 9,711 120,007 1,398,774 242,390 713,016 955,406 682 2 STREET MAINTENANCE 118,928 1,905,392 3,314,23 1,415,194 870,057 2,285,251 693 41,205 PUBLIC SAFETY/SUPPLAW 22,545 315,538 315,538 270,448 870,057 2,285,251 693 41,205 PUBLIC SAFETY/SUPPLAW 22,545 315,538 315,538 270,448 870,057 2,285,251 693 41,205 PUBLIC SAFETY/SUPPLAW 21,405 1,146,916 1,422,356 945,606 224,852 1,180,458 837 Building 60,720 1,040,589 1,129,357 713,300 75,469 786,769 770 PW-Engineering 99,235 1,120,346 1,160,252 783,803 79,942 888,805 725 6 COMMUNITY DEVELOPMENT FUND 221,302 3,307,651 3,711,965 2,447,769 390,263 2,636,002 766 COMMUNITY CENTER 43,361 520,332 520,332 435,610 - 433,610 833 5216 CDBG 10,200 231,306 232,806 15,093 2,207 37,300 167 O MUSEUM RENTAL 159 3,069 3,069 2,440 20,000 - 20,000 597 COMMUNITY CENTER 43,861 520,332 520,332 435,610 - 433,610 833 5216 CDBG 10,200 231,306 236,000 2,400 - 20,000		Street Maintenance	94,250	377,000	377,000	282,750	-	282,750	75%
TOTAL TRANSFERS 99,250 537,000 537,000 432,750 - 432,750 81 TOTAL GENERAL FUND 1,262,261 16,508,972 16,896,098 12,617,438 163,291 12,780,729 76 PECIAL REVENUE FUNDS 2 STREET MAINTENANCE Street Maintenance/Traffic 105,766 17,05,475 18,35,629 1,126,265 157,041 1,283,306 70 Congestion Management 3,451 79,820 79,820 46,539 - 46,539 58 Street CIP 9,711 120,097 1,398,774 242,330 713,016 755,406 83 2 STREET MAINTENANCE 118,928 1,905,392 3,314,223 1,415,194 870,057 2,285,251 69 2 STREET MAINTENANCE 118,928 1,905,392 3,314,223 1,415,194 870,057 2,285,251 69 4/205 PUBLIC SAFETY/SUPP-LAW 22,545 315,538 315,538 270,448 270,448 86 6 COMMUNITY DEVELOPMENT FUND Planning 69,255 1,112,935 713,300 75,469 788,769 70 PW-Engineering 69,235 1,112,936 1,162,935 713,300 75,469 788,769 70 PW-Engineering 69,235 1,112,936 1,165,933 7,9342 8,868,805 75 6 COMMUNITY DEVELOPMENT FUND 221,502 3,307,851 3,711,965 2,447,769 390,283 2,838,032 76 7 GENERAL PLAN UPDATE 762 162,996 203,999 9,587 199,263 168,860 83 5/216 COBG 10,000 231,306 232,806 15,093 22,207 37,300 16 O MUSEUM RENTAL 199 3,069 3,069 2,440 10 - 43,871 3,600 34,060 20,000 - 20,000 39 5 ASSET SEIZURE 19,340,600 34,060 20,000 - 20,000 39 6 O EOSFEMA		•					-		100%
### PECIAL REVENUE FUNDS ### Street Maintenance/Traffic		General Plan Update	5,000	60,000	60,000	50,000	-	50,000	<u>83%</u>
2 STREET MAINTENANCE Street Maintenance/Traffic 105.766 1,705.475 1,835.629 1,128.265 157,041 1,283.306 70 Congestion Management 3,451 79.820 78.820 46,539 46,539 58 Street Cip 9,711 120.097 1,389.774 242.390 713.016 955.408 88 Street Cip 9,711 120.097 1,389.774 242.390 713.016 955.408 88 Street Cip 9,711 120.097 1,389.774 242.390 713.016 955.408 88 Street Cip 9,711 120.097 1,389.774 242.390 713.016 955.408 88 Street Cip 9,711 120.097 1,389.774 270.448 86 COMMUNITY DEVELOPMENT FUND Planning 60,720 1,040.599 1,129.357 713.000 75.469 788.769 70 PW-Engineering 60,720 1,040.599 1,120.359 1,120.369 1	TC	OTAL TRANSFERS	99,250	537,000	537,000	432,750	-	432,750	81%
2 STREET Maintenance Street Maintenance/Traffic Congestion Management 3.451 79.20 79.8.20 46.539 1.126.265 157.041 1.283.306 76.0000 79.8.20 46.539 76.0000 79.8.20 46.539 76.0000 79.8.20	OTAL (GENERAL FUND	1,262,261	16,508,972	16,896,098	12,617,438	163,291	12,780,729	76%
2 STREET Maintenance Street Maintenance/Traffic Congestion Management 3.451 79.20 79.8.20 46.539 1.126.265 157.041 1.283.306 76.0000 79.8.20 46.539 76.0000 79.8.20 46.539 76.0000 79.8.20									
Street Maintenance/Traffic 105,766 1,705,475 1,835,629 1,126,265 157,041 1,283,306 70° Congestion Management 3,451 79,820 79,820 46,539 - 46,639 58′ Street CIP 9,9711 120,097 1,398,774 242,390 713,016 955,406 88′ Street CIP 118,928 1,905,392 3,514,223 1,415,194 870,057 2,285,251 69′ 4225 PUBLIC SAFETY/SUPP.LAW 22,545 315,538 315,538 270,448 270,448 86′ COMMUNITY DEVELOPMENT FUND Planning 60,720 1,040,589 1,129,357 713,300 75,469 788,769 70′ PW-Engineering 60,720 1,040,589 1,129,357 713,300 75,469 788,769 70′ PW-Engineering 69,235 1,120,346 1,160,252 788,863 79,942 868,805 75′ 6 COMMUNITY DEVELOPMENT FUND 221,502 3,307,851 3,711,965 2,447,769 390,263 2,838,052 75′ GENERAL PLAN UPDATE 762 162,996 203,959 9,587 159,263 168,850 83′ 0.0MUNITY CENTER 43,361 520,332 520,332 433,610 - 433,610 83′ 5216 CDBG 10,200 231,306 231,306 15,093 2,2207 37,300 16′ 0.0MUNITY CENTER 43,361 520,332 520,332 433,610 - 433,610 83′ 5216 CDBG 10,200 231,306 231,806 15,093 2,2207 37,300 16′ 0.0MUSEUM RENTAL 159 3,069 3,069 2,440 2,220 37,300 16′ 0.0MUSEUM RENTAL 159 3,069 3,069 2,440 2,2207 37,300 16′ 0.0MUSEUM RENTAL 159 3,069 3,069 2,440 2,240 80′ 0.0MUSEUM RENTAL 159 3,069 3,069 2,440 2,2000 5° 0.0MUSEUM RENTAL 159 3,069 3,069 2,440 2,200 5° 0.0MUSEUM RENTAL 159 3,069 3,069 3,069 2,440 2,200 5° 0.0MUSEUM RENTAL 159 3,069 3,069 2,440 2,200 5° 0.0MUSEUM RENTAL 159 3,069 3,069 3,069 2,440 3,060 5° 0.0MUSEUM RENTAL 159	PECIA	L REVENUE FUNDS							
Congestion Management 3,451 79,820 79,820 46,539 - 46,539 58′ Street CIP 9,711 120,097 1,398,774 242,390 713,016 955,006 68′ 23 STREET MAINTENANCE 118,928 1,905,392 3,314,223 1,415,194 870,057 2,285,251 68′ 88′ 4/205 PUBLIC SAFETY/SUPP.LAW 22,545 315,538 315,538 270,448 270,448 86′ 4/205 PUBLIC SAFETY/SUPP.LAW 22,545 315,538 315,538 270,448 270,448 86′ 4/205 PUBLIC SAFETY/SUPP.LAW 22,545 315,538 315,538 270,448 270,448 86′ 4/205 PUBLIC SAFETY/SUPP.LAW 22,545 315,538 315,538 270,448 270,448 86′ 4/205 PUBLIC SAFETY/SUPP.LAW 22,545 315,538 315,538 270,448 270,448 86′ 4/205 PUBLIC SAFETY/SUPP.LAW 22,545 315,538 315,538 270,448 270,448 86′ 4/205 PUBLIC SAFETY/SUPP.LAW 22,545 31,804,538 83′ 470,448 86′ 4/205 PUBLIC SAFETY/SUPP.LAW 22,545 31,204,549 31,205 97,204 868,805 75′ 6 COMMUNITY DEVELOPMENT FUND 221,502 3,307,851 3,711,955 2,447,769 390,263 2,338,032 76′ 76′ GENERAL PLAN UPDATE 762 162,996 203,959 9,587 159,263 168,850 83′ 52/16 CDBG 10,200 231,306 232,806 15,093 22,207 37,300 16′ 6 OCS/FEMA 10,200 231,306 232,806 15,093 22,207 37,300 16′ 6 OCS/FEMA 10,200 231,306 232,806 15,093 22,207 37,300 16′ 6 OCS/FEMA 10,200 231,306 232,806 15,093 22,207 37,300 16′ 6 OCS/FEMA 10,200 231,306 232,806 115,093 22,207 37,300 16′ 6 OCS/FEMA 10,200 230,800 113,161 13,530 126,691 91′ 10,200 240 10,200 22,100 22,100 22,000	02 STR	EET MAINTENANCE							
Street CIP			,				157,041		70%
2 STREET MAINTENANCE 118,928 1,905,392 3,314,223 1,415,194 870,057 2,285,251 695 4/205 PUBLIC SAFETY/SUPP_LAW 22,545 315,538 315,538 270,448 270,448 865 6 COMMUNITY DEVELOPMENT FUND Planning 91,547 1,146,916 1,422,356 945,606 234,852 1,180,458 837 Building 60,220 1,040,589 1,129,357 713,300 75,469 788,769 70 PW-Engineering 69,235 1,120,346 1,160,252 788,863 79,942 868,805 755 6 COMMUNITY DEVELOPMENT FUND 221,502 3,307,851 3,711,965 2,447,769 390,263 2,838,032 765 0 COMMUNITY CHEVELOPMENT FUND 221,502 3,307,851 3,711,965 2,447,769 390,263 2,838,032 765 0 COMMUNITY CHEVELOPMENT FUND 221,502 3,307,365 3,711,965 2,447,769 390,263 2,838,032 765 0 COMMUNITY CHEVELOPMENT 10 221,502 3,307,306 232,806 15,093 22,207 37,300 165 0 MUSEUM RENTAL 159 3,069 234,060 2,440 2,207 37,300 165 0 MUSEUM RENTAL 159 3,069 3,069 2,440 2,207 37,300 165 0 COMMUNITY CHEVELOPMENT 10 3,069 3,069 2,440 2,207 37,300 165 0 COMMUNITY CHEVELOPMENT 10,503 13,670 34,060 20,000 - 20,000 595 10 LIGHTING AND LANDSCAPE 9,982 138,672 139,639 113,161 13,550 126,691 91 9 LIGHTING AND LANDSCAPE 9,982 138,672 139,639 113,161 13,550 126,691 91 9 LIGHTING AND LANDSCAPE 1,983 40,000 40,000 43,871 - 43,871 110 27AL SPECIAL REVENUE FUNDS 445,034 8,079,840 10,002,287 5,041,765 1,513,346 6,555,111 665 APITAL SPECIAL REVENUE FUNDS 445,034 8,079,840 10,002,287 5,041,765 1,513,346 6,555,111 665 APITAL PROJECT FUNDS 1 PARK MAINTENANCE 25,000 165,000 170,422 103,809 - 103,809 611 1 PARK DEVELOPMENT 15,638 2,856,587 3,215,379 133,326 39,090 172,416 59 1 PARK MAINTENANCE 25,000 165,000 170,422 103,809 - 103,809 611 2 PARK MAINTENANCE 25,000 165,000 170,422 103,809 - 103,809 611 3 LOCAL DRAIN NON-AB1600 1,894 161,727 396,685 83,161 - 83,161 211 4 LOCAL DRAIN NON-AB1600 1,894 161,727 396,685 83,161 - 83,161 211 4 LOCAL DRAIN NON-AB1600 1,894 161,727 396,685 83,161 - 83,161 211 4 LOCAL DRAIN NON-AB1600 1,894 161,727 396,685 83,161 - 83,161 211 4 LOCAL DRAIN NON-AB1600 1,894 161,727 396,685 83,161 - 83,161 211 4 LOCAL DRAIN NON-AB1600 1,894 161,727 396,685 83,161 - 83,16		•				,	-	,	58%
4/205 PUBLIC SAFETY/SUPP.LAW 22,545 315,538 315,538 270,448 270,448 86′ 6 COMMUNITY DEVELOPMENT FUND Planning 91,547 1,146,916 1,422,356 945,606 234,852 1,180,458 83′ Building 60,720 1,040,5899 1,129,357 713,300 75,469 788,769 70′ PW-Engineering 69,235 1,120,346 1,180,252 788,863 79,942 868,805 75′ 6 COMMUNITY DEVELOPMENT FUND 221,502 3,307,851 3,711,965 2,447,769 390,263 2,838,032 76′ 7 GENERAL PLAN UPDATE 762 162,996 203,959 9,587 159,263 166,850 83′ 0 COMMUNITY CENTER 43,361 520,332 520,332 433,610 - 433,610 83′ 5/216 CDBG 10,200 231,306 232,806 15,093 22,207 37,300 16′ 6/20 MUSEUM RENTAL 159 3,069 3,069 2,440 - 2,440 80′ 6/20 MUSEUM RENTAL 159 3,069 3,069 2,440 - 2,440 80′ 6/20 ASSET SEIZURE 34,060 34,060 20,000 - 20,000 59′ 9 LIGHTING AND LANDSCAPE 9,982 138,672 139,639 113,161 13,530 126,691 91′ 22 ENVIRONMENT PROGRAMS 15,573 318,170 384,242 221,353 49,401 270,754 70′ 4 MOBILE HOME PARK 129 70,335 70,335 37,364 - 37,364 53′ 6 HOUSING MITIGATION FUND - 1,032,119 1,032,119 11,875 8,625 20,500 2° 27 PARK MAINTENANCE 1,893 40,000 40,000 43,871 - 43,871 110 DTAL SPECIAL REVENUE FUNDS 445,034 8,079,840 10,002,287 5,041,765 1,513,346 6,555,111 66′ APITAL PROJECT FUNDS 1 PARK DEVELOPMENT 15,638 2,866,587 3,215,379 133,326 39,090 172,416 59′ 29 PARK MAINTENANCE 25,000 165,000 170,422 103,809 - 103,809 61′ 30 LOCAL DRAIN NON-AB1600 1,894 161,727 396,685 83,161 - 83,161 21′ 4 LOCAL DRAIN NON-B1600 1,894 161,727 396,685 83,161 - 83,161 21′ 4 PARK DEVELOPMENT 15,638 2,866,587 3,215,379 133,326 39,090 172,416 59′ 31 FIRE MITIGATION 150,187 183,541 1,526,406 766,174 416,977 1,183,091 78′ 32 PARK MAINTENANCE 25,000 165,000 170,422 103,809 - 103,809 61′ 33 LOCAL DRAIN NON-AB1600 1,894 161,727 396,685 83,161 - 83,161 21′ 4 PARK DEVELOPMENT 15,638 2,866,589 2,094,305 10,136 - 10,136 0′ 4 LOCAL DRAIN NON-AB1600 1,894 161,727 396,685 83,161 - 83,161 21′ 4 PARK DEVELOPMENT 15,638 2,866,589 2,094,305 10,136 - 10,136 0′ 5 PARK MAINTENANCE 15,999 19,353,409 32,464,906 15,461,470 1,911,991 17,373,461 54′ 4 LOCAL DRAIN NON-AB160	12 STD								<u>68%</u> 69%
Community Development Fund Planning 91,547 1,146,916 1,422,356 945,606 234,852 1,180,458 835 Building 60,720 1,040,589 1,129,357 713,300 75,469 788,769 70,760 788,769 70,760 788,769 70,760 788,769 70,760 788,769 70,760 788,769 70,760 788,769 70,760 76,760 788,769 70,760 76,760 788,769 70,760 76,760 788,769 70,760 76,760 788,769 70,760 76,760 78,760 78,760 78,860 79,942 868,805 75,760 76,7	,2 3 I K	LLI MAINTENANCE	110,926	1,303,382	3,314,223	1,413,134	670,037	۷,∠05,∠51	0376
Planning	4/205	PUBLIC SAFETY/SUPP.LAW	22,545	315,538	315,538	270,448		270,448	86%
Building 60,720 1,040,589 1,129,357 713,300 75,469 788,769 70' PW-Engineering 69,235 1,120,346 1,160,252 788,863 79,942 868,805 75' COMMUNITY DEVELOPMENT FUND 221,502 1,307,851 3,711,965 2,447,769 390,263 2,838,032 76' COMMUNITY DEVELOPMENT FUND 221,502 1,307,851 3,711,965 2,447,769 390,263 2,838,032 76' COMMUNITY CENTER 43,361 520,332 520,332 433,610 - 433,610 83' COMMUNITY CENTER 43,361 520,332 520,332 433,610 - 433,610 83' COMMUNITY CENTER 43,361 520,332 520,332 433,610 - 433,610 83' COMMUNITY CENTER 43,361 520,332 520,332 433,610 - 433,610 83' COMMUNITY CENTER 43,361 520,332 520,332 433,610 - 433,610 83' COMMUNITY CENTER 43,361 520,332 520,332 433,610 - 24,400 0. 438,610 83' COMMUNITY CENTER 43,361 520,332 520,332 433,610 - 22,007 37,300 16' COMMUNITY CENTER 43,361 520,332 520,332 433,610 - 22,007 37,300 16' COMMUNITY CENTER 43,361 520,332 520,332 433,610 - 22,000 59' COMMUNITY CENTER 43,361 520,332 53,369 2,440 - 2,2440 80' COMMUNITY CENTER 43,660 34,060 20,000 - 20,000 - 20,000 59' COMMUNITY CENTER 43,660 34,060 34,060 20,000 - 20,000 59' COMMUNITY CENTER 45,573 318,772 336,39 113,161 13,530 126,691 91' COMMUNITY CENTER 45,573 318,772 336,332 37,354 4 - 37,364 53' COMMUNITY CENTER 45,573 318,770 335 37,364 - 37,364 53' COMMUNITY CENTER 45,573 318,770 335 37,364 - 37,364 53' COMMUNITY CENTER 45,573 318,770 335 37,364 - 37,364 53' COMMUNITY CENTER 45,573 318,770 335 37,364 - 37,364 53' COMMUNITY CENTER 45,573 318,770 335 37,364 - 37,364 53' COMMUNITY CENTER 45,573 318,770 335 37,364 - 37,364 53' COMMUNITY CENTER 45,573 318,770 335 37,364 - 37,364 53' COMMUNITY CENTER 45,573 318,770 335 37,364 - 37,364 53' COMMUNITY CENTER 45,573 318,770 335 37,364 - 37,364 53' COMMUNITY CENTER 45,573 318,770 335 37,364 - 37,364 53' COMMUNITY CENTER 45,573 318,770 335 37,364 53' COMMUNITY CENTER 45,574 31,575 31	6 CO	MMUNITY DEVELOPMENT FUND							
PW-Engineering 69.235 1.120.346 1.160.252 788.863 79.942 868.805 755 6 COMMUNITY DEVELOPMENT FUND 221,502 3,307,851 3,711,965 2,447,769 390,263 2,838,032 765 6 COMMUNITY DEVELOPMENT FUND 221,502 3,307,851 3,711,965 2,447,769 390,263 2,838,032 765 765 765 765 765 765 765 765 765 765		•	,	, ,		,	,		83%
6 COMMUNITY DEVELOPMENT FUND 221,502 3,307,851 3,711,965 2,447,769 390,263 2,838,032 76' 7 GENERAL PLAN UPDATE 762 162,996 203,959 9,587 159,263 168,850 83' 0 COMMUNITY CENTER 43,361 520,332 520,332 433,610 - 433,610 83' 5216 CDBG 10,200 231,306 3,069 2,440 - 2,440 80' 5 ASSET SEIZURE 34,060 34,060 34,060 20,000 - 20,000 - 20,000 59' 6 OES/FEMA 9 LIGHTING AND LANDSCAPE 9,982 138,672 139,639 113,161 13,530 126,691 91' 2 ENVIRONMENT PROGRAMS 15,573 318,170 384,242 221,353 49,401 270,754 70' 4 MOBILE HOME PARK 129 70,335 70,335 70,335 37,364 - 37,364 50 EMPLOYEE ASSISTANCE 1,893 40,000 40,000 43,871 - 43,871 110 DTAL SPECIAL REVENUE FUNDS 445,034 8,079,840 10,002,287 5,041,765 1,513,346 6,555,111 66' APITAL PROJECT FUNDS 1 PARK DEVELOPMENT 15,638 2,856,589 2,094,305 10,136 - 10,136 9 TRAFFIC MITIGATION 150,187 183,541 1,526,406 766,174 416,917 1,183,091 78 78 78 78 78 78 78 78 78 7		<u> </u>							70%
7 GENERAL PLAN UPDATE 762 162,996 203,959 9,587 159,263 168,850 83 10 COMMUNITY CENTER 43,361 520,332 520,332 433,610 - 433,610 83 5/216 CDBG 10,200 231,306 232,806 15,093 22,207 37,300 166 0 MUSEUM RENTAL 159 3,069 3,069 2,440 - 2,440 80 5 ASSET SEIZURE 34,060 34,060 20,000 - 20,000 59 6 OES/FEMA - 1	6 CO	5 5							<u>75%</u> 76%
0 COMMUNITY CENTER 43,361 520,332 520,332 433,610 - 433,610 83' 5/216 CDBG 10,200 231,306 232,806 15,093 22,207 37,300 16' 0 MUSEUM RENTAL 159 3,069 2,440 20,000 - 2,440 80' 5 ASSET SEIZURE 34,060 34,060 20,000 - 20,000 59' 6 OES/FEMA			·			, ,	,		
5/216 CDBG	7			•	•	•	159,263	-	83%
MUSEUM RENTAL 159 3,069 3,069 2,440 - 2,440 80'	10		•	•	•	•	-	-	83%
APITAL PROJECT FUNDS 1 PARK DEVELOPMENT 1 15,638 2,856,587 3 2,215,379 3 LOCAL DRAINAGE 1,925 1,866,589 2,094,305 1 LOCAL DRAINAGE 1,925 1,866,589 2,094,305 1 LOCAL DRAINAGE 1,925 1,866,589 1,926,885 1,936,885 1,936,840 1,936			•	•	•	•	22,207	•	16%
OES/FEMA	20		159	•	•	•	-	•	80%
9 LIGHTING AND LANDSCAPE 9,982 138,672 139,639 113,161 13,530 126,691 915 2 ENVIRONMENT PROGRAMS 15,573 318,170 384,242 221,353 49,401 270,754 705 705 705 705 705 705 705 705 705 705				34,060	34,060	20,000	-	20,000	59%
2 ENVIRONMENT PROGRAMS 15,573 318,170 384,242 221,353 49,401 270,754 705 4 MOBILE HOME PARK 129 70,335 70,335 37,364 - 37,364 535 6 HOUSING MITIGATION FUND - 1,032,119 1,032,119 11,875 8,625 20,500 29 0 EMPLOYEE ASSISTANCE 1,893 40,000 40,000 43,871 - 43,871 110 DTAL SPECIAL REVENUE FUNDS 445,034 8,079,840 10,002,287 5,041,765 1,513,346 6,555,111 665 APITAL PROJECT FUNDS 1 PARK DEVELOPMENT 15,638 2,856,587 3,215,379 133,326 39,090 172,416 59, 22 PARK MAINTENANCE 25,000 165,000 170,422 103,809 - 103,809 615 33 LOCAL DRAINAGE 1,925 1,866,589 2,094,305 10,136 - 10,136 09, 44 LOCAL DRAIN. NON-AB1600 1,894 161,727 396,685 83,161 - 83,161 215 9 TRAFFIC MITIGATION 150,187 183,541 1,526,406 766,174 416,917 1,183,091 785 1 POLICE MITIGATION 512 1,058,142 1,058,142 80,060 - 80,060 89, 3 FIRE MITIGATION 119 1,428 151,428 151,846 - 151,846 100 7 RDA BUSINESS ASSISTANCE 465,399 19,353,409 32,464,906 15,461,470 1,911,991 17,373,461 547 7/328 RDA HOUSING 153,932 6,313,976 6,888,925 2,042,906 64,385 2,107,291 315 6 PUBLIC FACILITIES 80,641 56,412 1,155,026 370,159 855,048 1,225,207 106 8 LIBRARY IMPACT 17 208 208 829 - 829 399 0 UNDERGROUNDING 6,926 730,404 730,404 7,229 - 7,229 19				400.070	420 020	440.464	40.500	400 004	
4 MOBILE HOME PARK 129 70,335 70,335 37,364 - 37,364 53, 6 HOUSING MITIGATION FUND - 1,032,119 1,032,119 11,875 8,625 20,500 29, 0 EMPLOYEE ASSISTANCE 1,893 40,000 40,000 43,871 - 43,871 110 OTAL SPECIAL REVENUE FUNDS 445,034 8,079,840 10,002,287 5,041,765 1,513,346 6,555,111 665 APITAL PROJECT FUNDS 1 PARK DEVELOPMENT 15,638 2,856,587 3,215,379 133,326 39,090 172,416 59, 2 PARK MAINTENANCE 25,000 165,000 170,422 103,809 - 103,809 615 3 LOCAL DRAINAGE 1,925 1,866,589 2,094,305 10,136 - 10,136 09, 4 LOCAL DRAIN. NON-AB1600 1,894 161,727 396,685 83,161 - 83,161 20, 19 TRAFFIC MITIGATION 150,187 183,541 1,526,406 766,174 416,917 1,183,091 785 1 POLICE MITIGATION 512 1,058,142 1,058,142 80,060 - 80,060 89, 3 FIRE MITIGATION 119 1,428 151,428 151,846 - 151,846 100 7 RDA BUSINESS ASSISTANCE 465,399 19,353,409 32,464,906 15,461,470 1,911,991 17,373,461 547 7/328 RDA HOUSING 153,932 6,313,976 6,888,925 2,042,906 64,385 2,107,291 315 6 PUBLIC FAC.NON AB1600			•	-	•	-	•	-	
HOUSING MITIGATION FUND - 1,032,119 1,032,119 11,875 8,625 20,500 29			•	•	•	-	49,401	-	
### DESTINATION ### DESTINATIO				•	•	-	9 625	•	
APITAL PROJECT FUNDS 1 PARK DEVELOPMENT 15,638 2,856,587 3,215,379 133,326 39,090 172,416 59 2 PARK MAINTENANCE 25,000 165,000 170,422 103,809 - 103,809 619 3 LOCAL DRAINAGE 1,925 1,866,589 2,094,305 10,136 - 10,136 09 4 LOCAL DRAIN. NON-AB1600 1,894 161,727 396,685 83,161 - 83,161 219 9 TRAFFIC MITIGATION 150,187 183,541 1,526,406 766,174 416,917 1,183,091 783 1 POLICE MITIGATION 512 1,058,142 1,058,142 80,060 - 80,060 89 3 FIRE MITIGATION 119 1,428 151,428 151,846 - 151,846 100 7 RDA BUSINESS ASSISTANCE 465,399 19,353,409 32,464,906 15,461,470 1,911,991 17,373,461 544 7/7/328 RDA HOUSING 153,932 6,313,976 6,888,925 2,042,906 64,385 2,107,291 314 6 PUBLIC FAC.NON AB1600	40			, ,		•	- 0,025	-	110%
APITAL PROJECT FUNDS 1 PARK DEVELOPMENT 15,638 2,856,587 3,215,379 133,326 39,090 172,416 59 2 PARK MAINTENANCE 25,000 165,000 170,422 103,809 - 103,809 619 3 LOCAL DRAINAGE 1,925 1,866,589 2,094,305 10,136 - 10,136 09 4 LOCAL DRAIN. NON-AB1600 1,894 161,727 396,685 83,161 - 83,161 219 9 TRAFFIC MITIGATION 150,187 183,541 1,526,406 766,174 416,917 1,183,091 783 1 POLICE MITIGATION 512 1,058,142 1,058,142 80,060 - 80,060 89 3 FIRE MITIGATION 119 1,428 151,428 151,846 - 151,846 100 7 RDA BUSINESS ASSISTANCE 465,399 19,353,409 32,464,906 15,461,470 1,911,991 17,373,461 544 7/7/328 RDA HOUSING 153,932 6,313,976 6,888,925 2,042,906 64,385 2,107,291 314 6 PUBLIC FAC.NON AB1600	ΩΤΔΙ 9	SPECIAL REVENUE FUNDS		·	·		1 513 346		66%
1 PARK DEVELOPMENT 15,638 2,856,587 3,215,379 133,326 39,090 172,416 59 2 PARK MAINTENANCE 25,000 165,000 170,422 103,809 - 103,809 619 3 LOCAL DRAINAGE 1,925 1,866,589 2,094,305 10,136 - 10,136 09 4 LOCAL DRAIN. NON-AB1600 1,894 161,727 396,685 83,161 - 83,161 219 9 TRAFFIC MITIGATION 150,187 183,541 1,526,406 766,174 416,917 1,183,091 789 1 POLICE MITIGATION 512 1,058,142 1,058,142 80,060 - 80,060 89 3 FIRE MITIGATION 119 1,428 151,428 151,846 - 151,846 100 7 RDA BUSINESS ASSISTANCE 465,399 19,353,409 32,464,906 15,461,470 1,911,991 17,373,461 549 7/328 RDA HOUSING 153,932 6,313,976 6,888,925 2,042,906 64,385 2,107,291 319 6 PUBLIC FAC.NON AB1600	OIAL	SI ESIAE REVERSE I SRES	440,004	0,010,040	10,002,207	0,041,700	1,010,040	0,000,111	0070
2 PARK MAINTENANCE 25,000 165,000 170,422 103,809 - 103,809 61 ⁴ 3 LOCAL DRAINAGE 1,925 1,866,589 2,094,305 10,136 - 10,136 0 ⁹ 4 LOCAL DRAIN. NON-AB1600 1,894 161,727 396,685 83,161 - 83,161 21 ⁴ 9 TRAFFIC MITIGATION 150,187 183,541 1,526,406 766,174 416,917 1,183,091 78 ⁴ 1 POLICE MITIGATION 512 1,058,142 1,058,142 80,060 - 80,060 8 ⁹ 3 FIRE MITIGATION 119 1,428 151,428 151,846 - 151,846 100 7 RDA BUSINESS ASSISTANCE 465,399 19,353,409 32,464,906 15,461,470 1,911,991 17,373,461 54 ⁴ 7/328 RDA HOUSING 153,932 6,313,976 6,888,925 2,042,906 64,385 2,107,291 31 ⁴ 6 PUBLIC FAC.NON AB1600	APITA	L PROJECT FUNDS							
2 PARK MAINTENANCE 25,000 165,000 170,422 103,809 - 103,809 61 ⁴ 3 LOCAL DRAINAGE 1,925 1,866,589 2,094,305 10,136 - 10,136 0 ⁹ 4 LOCAL DRAIN. NON-AB1600 1,894 161,727 396,685 83,161 - 83,161 21 ⁴ 9 TRAFFIC MITIGATION 150,187 183,541 1,526,406 766,174 416,917 1,183,091 78 ⁴ 1 POLICE MITIGATION 512 1,058,142 1,058,142 80,060 - 80,060 8 ⁹ 3 FIRE MITIGATION 119 1,428 151,428 151,846 - 151,846 100 7 RDA BUSINESS ASSISTANCE 465,399 19,353,409 32,464,906 15,461,470 1,911,991 17,373,461 54 ⁴ 7/328 RDA HOUSING 153,932 6,313,976 6,888,925 2,042,906 64,385 2,107,291 31 ⁴ 6 PUBLIC FAC.NON AB1600	01	PARK DEVELOPMENT	15,638	2,856,587	3,215,379	133,326	39,090	172,416	5%
4 LOCAL DRAIN. NON-AB1600 1,894 161,727 396,685 83,161 - 83,161 216 9 TRAFFIC MITIGATION 150,187 183,541 1,526,406 766,174 416,917 1,183,091 786 1 POLICE MITIGATION 512 1,058,142 1,058,142 80,060 - 80,060 89 3 FIRE MITIGATION 119 1,428 151,428 151,846 - 151,846 100 7 RDA BUSINESS ASSISTANCE 465,399 19,353,409 32,464,906 15,461,470 1,911,991 17,373,461 546 7/328 RDA HOUSING 153,932 6,313,976 6,888,925 2,042,906 64,385 2,107,291 316 6 PUBLIC FAC.NON AB1600	02	PARK MAINTENANCE	•			-	· -	-	61%
9 TRAFFIC MITIGATION 150,187 183,541 1,526,406 766,174 416,917 1,183,091 781 1 POLICE MITIGATION 512 1,058,142 1,058,142 80,060 - 80,060 89 3 FIRE MITIGATION 119 1,428 151,428 151,846 - 151,846 100 7 RDA BUSINESS ASSISTANCE 465,399 19,353,409 32,464,906 15,461,470 1,911,991 17,373,461 545 17,328 RDA HOUSING 153,932 6,313,976 6,888,925 2,042,906 64,385 2,107,291 314 17,000 1 1,000	03	LOCAL DRAINAGE	1,925	1,866,589	2,094,305	10,136	-	10,136	0%
1 POLICE MITIGATION 512 1,058,142 1,058,142 80,060 - 80,060 89 3 FIRE MITIGATION 119 1,428 151,428 151,846 - 151,846 100 7 RDA BUSINESS ASSISTANCE 465,399 19,353,409 32,464,906 15,461,470 1,911,991 17,373,461 545 7/328 RDA HOUSING 153,932 6,313,976 6,888,925 2,042,906 64,385 2,107,291 315 6 PUBLIC FAC.NON AB1600 - - - - - - n/a 7 PUBLIC FACILITIES 80,641 56,412 1,155,026 370,159 855,048 1,225,207 106 8 LIBRARY IMPACT 17 208 208 829 - 829 399 0 UNDERGROUNDING 6,926 730,404 730,404 7,229 - 7,229 1%	04	LOCAL DRAIN. NON-AB1600	1,894	161,727	396,685	83,161	-	83,161	21%
3 FIRE MITIGATION 119 1,428 151,428 151,846 - 151,846 100 7 RDA BUSINESS ASSISTANCE 465,399 19,353,409 32,464,906 15,461,470 1,911,991 17,373,461 545 7/328 RDA HOUSING 153,932 6,313,976 6,888,925 2,042,906 64,385 2,107,291 315 6 PUBLIC FAC.NON AB1600	9	TRAFFIC MITIGATION	150,187	183,541	1,526,406	766,174	416,917	1,183,091	78%
7 RDA BUSINESS ASSISTANCE 465,399 19,353,409 32,464,906 15,461,470 1,911,991 17,373,461 54 ⁶ 7/328 RDA HOUSING 153,932 6,313,976 6,888,925 2,042,906 64,385 2,107,291 31 ⁶ 6 PUBLIC FAC.NON AB1600	11			, ,		-	-	•	8%
7/328 RDA HOUSING 153,932 6,313,976 6,888,925 2,042,906 64,385 2,107,291 316 6 PUBLIC FAC.NON AB1600	13							-	100%
6 PUBLIC FAC.NON AB1600	17		•						54%
7 PUBLIC FACILITIES 80,641 56,412 1,155,026 370,159 855,048 1,225,207 106 8 LIBRARY IMPACT 17 208 208 829 - 829 399 0 UNDERGROUNDING 6,926 730,404 7,229 - 7,229 1%	27/328		-			2,042,906	64,385	2,107,291	31%
8 LIBRARY IMPACT 17 208 208 829 - 829 399 0 UNDERGROUNDING 6,926 730,404 730,404 7,229 - 7,229 19	46						<u>-</u>	-	n/a
0 UNDERGROUNDING 6,926 730,404 730,404 7,229 - 7,229 1%	47		•	-		-	855,048		106%
	48 						-		399%
TAL CAPITAL PROJECTS FUNDS 902,190 32,747,423 49.852.236 19.211.105 3.287.431 22.498.536 45°	50	UNDERGROUNDING	6,926	730,404	730,404	7,229	-	7,229	1%
	OTAL (CAPITAL PROJECTS FUNDS	902,190	32,747,423	49,852,236	19,211,105	3,287,431	22,498,536	45%



		THIS		•				
FUND		MONTH						PERCENT O
NO.	FUND/ACTIVITY	ACTUAL	ADOPTED	AMENDED	YTD	OUTSTANDING	TOTAL	TOTAL TO
		EXPENSES	BUDGET	BUDGET	EXPENSES	ENCUMBRANCE	ALLOCATED	BUDGET
DEBT SE	ERVICE FUNDS							
527	HIDDEN CREEK A.D.	-	-	-	-	-	-	n/a
536	ENCINO HILLS A.D.	-	-	-	500	-	500 562	n/a
539 542	MORGAN HILL BUS. PARK A.D. SUTTER BUS. PARK A.D.	-	-	-	562	-	562	n/a n/a
542 545	COCHRANE BUS. PARK A.D.	- 581	139,309	448,309	476,564	-	476,564	106%
551	JOLEEN WAY A.D.	581	42,569	446,309	41,404	-	41,404	97%
TOTAL F	DEBT SERVICE FUNDS	1,162	181,878	490.878	519.030	-	519,030	106%
IOIALL	DEDT SERVICE TONDS	1,102	101,070	430,070	313,030		313,030	10070
ENTERP	RISE FUNDS							
SEWER								
640	SEWER OPERATION	447,225	6,875,234	6,929,378	5,030,579	59,352	5,089,931	73%
641	CAPITAL EXPANSION	5,884	4,006,874	4,536,874	1,660,218	11,072	1,671,290	37%
642	SEWER RATE STABILIZATION	183	2,190	2,190	1,825	11,072	1,825	83%
643	SEWER-CAPITAL PROJECTS	20,736	1,822,627	3,156,637	1,010,816	112,055	1,122,871	36%
IOIALS	SEWER FUND(S)	474,028	12,706,925	14,625,079	7,703,438	182,479	7,885,917	54%
WATER								
	Water Operations Division	698,518	6,948,657	8,648,694	4,980,303	250,211	5,230,514	60%
	Meter Reading/Repair	24,157	616,878	688,718	453,701	144,465	598,166	87%
	Utility Billing	28,378	347,753	458,755	336,242	40,388	376,630	82%
	Water Conservation	96	11,320	11,320	2,845		2,845	<u>25%</u>
50	WATER OPERATIONS	751,149	7,924,608	9,807,487	5,773,091	435,064	6,208,155	63%
551	CAPITAL EXPANSION	140,356	900,234	3,123,047	1,061,549	235,019	1,296,568	42%
552	WATER RATE STABILIZATION	42	509	509	424	-	424	83%
653	WATER-CAPITAL PROJECTS	26,637	810,955	4,622,731	1,395,139	446,915	1,842,054	<u>40%</u>
TOTAL V	WATER FUND(S)	918,184	9,636,306	17,553,774	8,230,203	1,116,998	9,347,201	53%
TOTAL E	ENTERPRISE FUNDS	1,392,212	22,343,231	32,178,853	15,933,641	1,299,477	17,233,118	54%
IN I ERNA	AL SERVICE FUNDS							
730	INFORMATION SERVICES	18,171	586,190	653,455	333,895	35,396	369,291	57%
740	BUILDING MAINTENANCE	29,065	588,128	659,440	390,946	25,711	416,657	63%
745	CIP ENGINEERING	71,567	1,308,227	1,374,356	971,788	124,786	1,096,574	80%
760	UNEMPLOYMENT	· <u>-</u>	25,000	50,000	24,690		24,690	49%
770	WORKERS COMPENSATION	17,853	482,200	539,025	486,542	39,000	525,542	97%
790	EQUIPMENT REPLACEMENT	136	186,472	186,472	18,762	56,715	75,477	40%
793	CORP YARD COMMISSION	1,285	227,600	337,970	779,556	77,443	856,999	254%
795	GEN. LIABILITY INSURANCE	3,788	330,600	330,600	426,494		426,494	129%
TOTAL I	NTERNAL SERVICE FUNDS	141,865	3,734,417	4,131,318	3,432,673	359,051	3,791,724	92%
IOIALI	WIENNAL GENVIGE I GNDG	141,000	0,704,417	4,101,010	0,402,070	000,001	0,701,724	32 /0
AGENCY	/ FUNDS							
341	MORGAN HILL BUS RANCH I	581	730,155	730,155	727,681	-	727,681	100%
342	MORGAN HILL BUS RANCH II	781	89,995	213,995	211,680	-	211,680	99%
343	MORGAN HILL BUS RANCH 98	781	883,336	1,105,336	1,104,096	-	1,104,096	100%
345	MADRONE BP-TAX EXEMPT	279,826	1,084,479	1,105,479	1,175,274	-	1,175,274	106%
346	MADRONE BP-TAXABLE	7,419	183,851	276,851	201,791	-	201,791	73%
348	TENNANT AVE BUS PARK AD	-,	,	,	836	_	836	n/a
881	POLICE DONATION TRUST	-	-	-	-	-	-	n/a
TOTAL A	AGENCY FUNDS	289,388	2,971,816	3,431,816	3,421,358	-	3,421,358	100%
		,				0.000 500		
KEPURI	TOTAL	4,434,112	86,567,577	116,983,486	60,177,010	6,622,596	66,799,606	57%



City of Morgan Hill Enterprise Funds Report - Fiscal Year 2002/03 For the Month of April 30, 2003 83% of Year Completed

YTD INCOME STATEMENT FOR CURRENT AND PRIOR YEAR

		Sewer Oper	rations			Water Ope	rations	
			% of	Prior			% of	Prior
	Budget	YTD	Budget	YTD	Budget	YTD	Budget	YTD
Operations								
Revenues								
Service Charges Meter Install & Service	\$ 5,389,650	\$ 4,176,984	78%	\$ 4,599,070	\$ 5,855,915 48,000	\$ 4,648,979 41,963	79% 87%	\$ 4,868,546 27,483
Other	113,900	114,177	100%	95,048	155,566	87,580	56%	252,505
Total Operating Revenues	5,503,550	4,291,161	78%	4,694,118	6,059,481	4,778,522	79%	5,148,534
Expenses								
Operations Meter Reading/Repair Utility Billing/Water Conservation	3,979,047	3,027,287	76%	2,927,665	4,523,153 688,718 470,075	3,193,966 453,701 339,087	71% 66% 72%	2,688,958 318,477 242,897
Total Operating Expenses	3,979,047	3,027,287	76%	2,927,665	5,681,946	3,986,754	70%	3,250,332
Operating Income (Loss)	1,524,503	1,263,874		1,766,453	377,535	791,768		1,898,202
Nonoperating revenue (expense)								
Interest Income	295.119	121.935	41%	187.945	227.000	107.812	47%	147.521
Interest Expense/Debt Services	(1,403,954)	(667,145)	48%	(963,222)	(337,720)	(164,273)	49%	(169,344)
Principal Expense/Debt Services	(655,000)	(635,000)	97%	(655,000)	(210,320)	(29,147)	14%	(27,176)
Total Nonoperating revenue (expense)	(1,763,835)	(1,180,210)		(1,430,277)	(321,040)	(85,608)		(48,999)
Income before operating xfers	(239,332)	83,664		336,176	56,495	706,160		1,849,203
Operating transfers in Operating transfers (out)	- (891,377)	- (701,147)	79%	- - (667,119)	173,877 (3,577,500)	345,000 (1,592,917)	198% 45%	146,286 (1,204,167)
Net Income (Loss)	\$ (1,130,709)	\$ (617,483)		\$ (330,943)	\$ (3,347,128)	\$ (541,757)		\$ 791,322



City of Morgan Hill **Balance Sheets - Water and Sewer Funds** April 30, 2003 83% of Year Complete

	Sewer Operations (640)	Sewer Expansion Stabilization Capital Projects (641-643)	Water Operations (650)	Water Expansion Stabilization Capital Projects (651-653)
ASSETS				
Cash and investments:				
Unrestricted	4,627,651	6,888,696	2,705,246	4,662,679
Restricted ¹	1,862,685	4,970,587	391,422	210,202
Accounts Receivable		6,433		
Utility Receivables	654,283		714,326	
Less Allowance for Doubtful Accounts	(15,230)		(55,868)	
Notes Receivable ²				
Fixed Assets ³	33,230,110	7,321,152	24,217,670	5,644,680
Total Assets	40,359,499	19,186,868	27,972,796	10,517,561
LIABILITIES				
Accounts Payable and Accrued Liabilities Deposits for Water Services Deferred Revenue ⁴	391,338	204,953	66,260 38,945	
Bonds Payable	25,390,000		6,205,194	
Discount on Bonds and Other Liabilities	(2,157,387)		(1,016,593)	
Accrued Vacation and Comp Time	40,560		64,885	
Total liabilities	23,664,511	204,953	5,358,691	0
FUND EQUITY				
Contributed Capital Retained Earnings	7,155,284		13,742,872	
Reserved for:				
Noncurrent water/sewer assets & debt	11,075,394	7,321,152	19,200,312	5,644,680
Encumbrances	59,352	123,127	435,065	681,934
Notes Receivable	4 000 005	0	004 400	
Restricted Cash	1,862,685		391,422	
Total Reserved Retained Earnings	12,997,431	7,444,279	20,026,799	6,326,614
Unreserved Retained Earnings	3,697,557	11,537,636	2,587,306	4,190,947
Total Fund Equity	16,694,988	18,981,915	22,614,105	10,517,561
Total Liabilities and Fund Equity	40,359,499	19,186,868	27,972,796	10,517,561

Restricted for Bond Reserve requirements and capital expansion.
 Includes Note for Sewer Financing Agreements.
 Includes Water and Sewer infrastructure and the City's share of the Wastewater treatment plant.

⁴ Includes the deferred payment portion of the loans noted above.



City of Morgan Hill Balance Sheets for Major Funds - Fiscal Year 2002-2003 April 30, 2003 83% of Year Complete

L/M Housing

Sewer

Water

RDA

	(Fund 010)	(Fund 317)	(Fund 327/328)	(Fund 640)	(Fund 650)
ASSETS					
Cash and investments:					
Unrestricted	11,332,592	18,176,298	5,395,129	4,627,651	2,705,246
Restricted ¹	4,150			1,862,685	391,422
Accounts Receivable	899,680	34,101	9,445		
Utility Receivables (Sewer and Water) Less Allowance for Doubtful Accounts				654,283	714,326
Loans and Notes Receivable 2	514,951	2,876,027	22,570,048	(15,230)	(55,868)
Prepaid Expense	2,843	2,070,027	22,570,046		
Fixed Assets ³	2,010	71,049		33,230,110	24,217,670
		,		00,200,110	, ,
Total Assets	12,754,216	21,157,475	27,974,622	40,359,499	27,972,796
LIABILITIES					
Accounts Payable and Accrued Liabilities Deposits for Water Services	267,318	11,047	10,319	391,338	66,260 38,945
Deferred Revenue 4	521,164	999,969	5,576,852		
Bonds Payable				25,390,000	6,205,194
Discount on Bonds and Other Liabilities	414,793	E 240	2.462	(2,157,387)	(1,016,593)
Accrued Vacation and Comp Time	123,769	5,249	2,162	40,560	64,885
Total liabilities	1,327,044	1,016,265	5,589,333	23,664,511	5,358,691
FUND EQUITY					
Contributed Capital				7,155,284	13,742,872
Fund Balance / Retained Earnings					
Reserved for:					
Noncurrent water/sewer assets & debt				11,075,394	19,200,312
Encumbrances	163,291	1,911,991	64,385	59,352	435,065
Restricted Cash		-1010		1,862,685	391,422
RDA properties held for resale Loans and Notes Receivable		71,049 1,876,058	16,993,197		
Loans and Notes Necelvable		1,070,030	10,993,197		
Total Reserved Fund Equity	163,291	3,859,098	17,057,582	12,997,431	20,026,799
Designated Fund Equity ⁵	3,382,000				
Unreserved/Undesignated Fund Equity	7,881,881	16,282,112	5,327,707	3,697,557	2,587,306
Total Fund Equity	11,427,172	20,141,210	22,385,289	16,694,988	22,614,105
Total Liabilities and Fund Equity	12,754,216	21,157,475	27,974,622	40,359,499	27,972,796

General Fund

¹ Restricted for Petty Cash use, Bond Reserve requirements and sewer and water capital expansion.

² Includes Housing Rehab loans, Financing Agreements for Public Works Fees and loans for several housing and Agency projects.

³ Includes Water and Sewer infrastructure, the City's share of the Wastewater treatment plant and RDA properties held for resale.

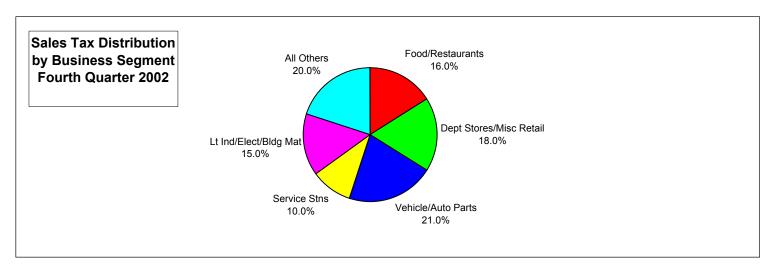
⁴ Includes the deferred payment portion of the loans noted above.

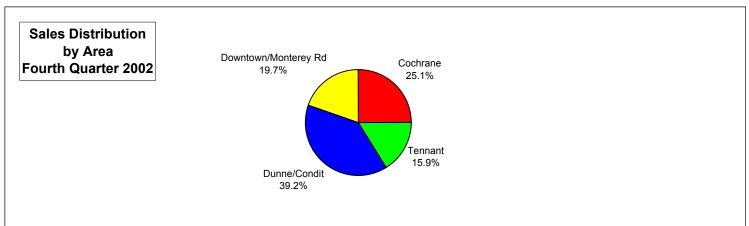
⁵ Designated for economic uncertainty, emergencies, and Fire Master Plan implementation



City of Morgan Hill Sales Tax Comparison - Fiscal Year 2002/03 For the Month of April 2003 83% of Year Complete

	Amount Collecte	d for Month f	or Fiscal Year	Amount Colle	cted YTD for	Fiscal Year	Comparison of YT	D for fiscal years
Month	02/03	01/02	00/01	02/03	01/02	00/01	02/03 to 01/02	02/03 to 00/01
		•			•			
July	\$367,600	\$377,700	\$306,000	\$367,600	\$377,700	\$306,000	(10,100)	61,600
August	\$447,000	\$503,600	\$408,000	\$814,600	\$881,300	\$714,000	(66,700)	100,600
September	\$361,932	\$437,056	\$584,766	\$1,176,532	\$1,318,356	\$1,298,766	(141,824)	(122,234)
October	\$354,915	\$339,000	\$319,200	\$1,531,447	\$1,657,356	\$1,617,966	(125,909)	(86,519)
November	\$474,800	\$452,000	\$425,600	\$2,006,247	\$2,109,356	\$2,043,566	(103,109)	(37,319)
December	\$384,154	\$538,465	\$524,333	\$2,390,401	\$2,647,821	\$2,567,899	(257,420)	(177,498)
January	\$368,600	\$393,900	\$337,700	\$2,759,001	\$3,041,721	\$2,905,599	(282,720)	(146,598)
February	\$487,195	\$466,068	\$450,200	\$3,246,196	\$3,507,789	\$3,355,799	(261,593)	(109,603)
March	\$225,908	\$351,548	\$607,260	\$3,472,104	\$3,859,337	\$3,963,059	(387,233)	(490,955)
April	\$292,698	\$341,042	\$324,700	\$3,764,802	\$4,200,379	\$4,287,759	(435,577)	(522,957)
May		\$461,500	\$432,900		\$4,661,879	\$4,720,659		
June		\$275,116	\$811,473		\$4,936,995	\$5,532,132		
Year To Date Totals		\$3,764,802	\$4,936,995	\$5,532,132				
Sales Tax Budget for Year			\$5,330,000	\$5,300,000	\$4,462,817			
Percent of	Percent of Budget				93%	124%		
Percent of increase(decrease)							-10%	-12%







EXTEND TERMS OF APPOINTMENT FOR THE CURRENT ARCHITECTURAL REVIEW BOARD (ARB) AND PLANNING COMMISSION MEMBERS

Agenda Item # 2 Prepared By: Council Services & Records Manager/ City Clerk Submitted By: City Manager

RECOMMENDED ACTION:

Approve the Extension of Term Appointments for ARB Members: James Fruit, Rod Martin and Jerry Pyle; and Planning Commission Members: Joe Mueller, Bob Engles, Bob Escobar and Ralph Lyle until such time that successors are appointed

EXECUTIVE SUMMARY:

Council Member Tate has requested that the Council defer the interviews of the Planning Commission until his return from a scheduled trip as he would like to participate in the interviews and appointments to this Commission. To accommodate Council Member Tate's request, the Planning Commission interviews have been scheduled for Wednesday, June 18 from 5:00-6:00 p.m. The current terms of office for Planning Commissioners Joseph Mueller, Bob Engles, Bob Escobar and Ralph Lyle are due to expire on June 1, 2003. Scheduling interviews for the Planning Commission on June 18 will require the Council to exercise its authority to extend the appointment terms of the Planning Commissioners until such time as a successor member is appointed and takes office (Section 2.22.010 D of the Municipal Code). Should the Council concur with the scheduled Planning Commission interview date of June 18, the Council will need to extend the appointment terms of office for Commissioners Mueller, Engles, Escobar and Lyle until such time that successor members are appointed.

In the past, the Council has directed that the ARB applicants be interviewed at the same time as the Planning Commission in order to give the Council the flexibility to appoint to both based on qualifications, experience and need. Staff is recommending that the Council interview ARB applicants on Wednesday, June 4 from 5:00-6:00 p.m. This date will hopefully be close enough to the proposed June 18 Planning Commission interview date and that the City Council can keep applicants for both bodies fresh in mind. ARB Members Jim Fruit, Rod Martin and Jerry Pyle's appointment terms would also need to be extended until successor members are appointed.

Should the Council wish to proceed with the interview dates as listed above, the Council is asked to extend the appointment terms until such time that the Council appoints successor members to the ARB and Planning Commission.

FISCAL IMPACT: No budget adjustment is required.



APPROVAL OF UPCOMING CITY COUNCILWORKSHOP MEETING DATES

Agenda Item # 3
Prepared By:
Council Services & Records Manager/ City Clerk
Submitted By:
City Manager

RECOMMENDED ACTION:

Review and Approve City Council Workshop Meeting Schedule

EXECUTIVE SUMMARY:

At the April 16, 2003 City Council meeting, the Council was presented with identified workshop topic items. At the April 16 meeting, the Council directed staff to return with suggestions for scheduling workshops on the third or fourth Wednesdays of the month.

The City Manager and Council Services & Records Manager reviewed the identified workshop topic items and the timeline identified by the Council at its Goal Setting session held in January 2003. Staff is recommending that the Council approve the following workshop schedule by minute action:

Topic	Meeting Date	Meeting Time
Redevelopment Agency Allocation	Wednesday, July 30	5:00 p.m.
1% Investment Public Art Program	Wednesday, August 27	5-6 p.m.
Crime Control Strategy	Wednesday, September 24	5-6 p.m.
Round II decisions	Wednesday, October 22	5-6 p.m.
 Library Construction 		
Medical Services	Wednesday, November 19	5-6 p.m.
Service Level Standards	Wednesday, December 17	5-6 p.m.

FISCAL IMPACT: No budget adjustment is required.



CITY SPONSORSHIP OF HOMETOWN HOLIDAYS INC. PROJECT

RECOMMENDED ACTIONS:

- 1. Approve City sponsorship of the Hometown Holidays Inc. project to conduct a holiday event, including a tree decorating contest for local schools, at the Community and Cultural Center.
- 2. Authorize the City Manager to issue a letter to Hometown Holidays Inc. outlining the terms of City sponsorship.

Agenda Item # 4

Prepared By:

Manager, Recreation & Community Services

Submitted By:

City Manager

EXECUTIVE SUMMARY: Hometown Holidays Inc. is a newly formed non-profit organization with the mission to "foster a sense of local community and encourage families to gather and enjoy a festive holiday event in the Morgan Hill downtown area, its businesses and restaurants." Hometown Holidays Inc. is a cooperative effort of a number of local service clubs and civic organizations who wish to develop a new downtown holiday tradition that builds upon and expands current downtown holiday events. This will be done in a way that identifies and incorporates the Community and Cultural Center into the entire downtown area.

Hometown Holidays' inaugural event is planned to be a holiday tree decorating contest for local schools to be held on the Community Center Amphitheater grounds. Much like San Jose's *Christmas in the Park*, local schools will be invited to decorate holiday trees. Community members who visit the event will be able to vote for their favorite decorated tree. Ballots will be available at the Center and may be cast at various businesses in the downtown area. Participating schools will be provided lighted trees to decorate and awarded cash grants for their efforts. Local bands, chorals, and other groups will be invited to provide holiday music and caroling on weekends during the event. The attached concept paper outlines the project in more detail. It is hoped that over the years, this event will grow, offer a wider variety of activities, and become an inseparable part of other local holiday traditions that enhance our community's enjoyment of the holiday season downtown.

This event is being planned in such a way as not to conflict with any other event planned for the Community Center. Funding for this year's event will be provided by contributions from local service organizations and other private donations.

The requested City sponsorship includes:

Use of the City's name identifying it as an organizing sponsor.

Use of the Amphitheater grounds free of charge as a venue for the contest.

Coverage under City liability insurance policy to the limits required by the City.

In return, the City shall receive prominent recognition as an organizing event sponsor and have the amphitheater benefit from holiday decorations in the form of the holiday tree contest.

Fiscal Impact: None

HOMETOWN HOLIDAYS 2003

MISSION STATEMENT:

Hometown Holidays is a new organization whose goal is to showcase our community during the winter holidays. Our Mission is:

To foster a sense of local community and encourage families to gather and enjoy a festive holiday event in the Morgan Hill downtown area, its businesses and restaurants.

ORGANIZATION:

Hometown Holidays Inc. is a non-profit organization. Contributions to this project are tax deductible. Hometown Holidays founding sponsor organizations represent the following participating community organizations:

City of Morgan Hill

Morgan Hill Chamber of Commerce

Morgan Hill Community Foundation

Morgan Hill Downtown Association

Morgan Hill Kiwanis Club

Morgan Hill Rotary Club

Morgan Hill Teachers Aid Association

THE CONCEPT:

Many projects undertaken by non-profit organizations and service clubs are usually limited to impact and serve only selected segments of a community. Few projects have the ability or potential to reach out and build a sense of family for thousands in an entire community. It is the goal of this event to foster a sense of community and encourage families to gather and enjoy a festive holiday event in downtown Morgan Hill. Our project is titled "Hometown Holidays."

In its first year, the Hometown s event will consist of a holiday tree decorating contest and occasional live holiday music on weekends located at the Morgan Hill Community and Cultural Center.

Each of about 19 local public and private schools will be invited to decorate a holiday tree at the Community Center. As a tentative theme for the first year, each school will be assigned a different ethnic culture for their tree decorations. Each school will be provided a tree at the Community Center, tree stand, and tree lights. Schools will be responsible to provide tree decorations of their choice consistent with the theme. Trees will be displayed in a holiday decorated setting for the entire community to gather and enjoy for about three weeks in December on the grounds of new Community and Cultural Center located in the heart of Morgan Hill.

Cash prizes will be awarded to the schools of winning tree decorations to be used for needed school equipment of their choice. A \$1,000 first place prize, \$500 second place prize, and a \$100 participation prize for the remaining schools will be awarded by the votes of all those in the community who attend the event.

While this appears to be a simple project, it will require the involvement of virtually all segments of the community to accomplish and will provide those in the Morgan Hill area a unique and festive opportunity for families to spend quality time together.

Event Site and Schedule:

Local schools will be invited to participate at the opening of the school year in September 2003. A commitment to participate will be due October 1.

Cut holiday trees will be placed by volunteers along the outer edge of the walkway surrounding the Community Center Amphitheater on the morning of Saturday, December 6, 2003. Trees will be placed near light standards or other visible locations that have electrical outlets. Consistent with our Mission, the event will be free to the public.

Children and parents from participating schools will decorate the trees throughout the day on Saturday, December 6, 2003. Specific decoration rules will be developed to ensure fire safety and equal opportunity during the ballot process. The event will open at the conclusion of the Downtown Holiday Parade that evening. Trees will remain on display through Friday, January 2, 2004 and be removed by volunteers on Saturday morning January 3, 2004.

The site will also have a small display for ballot distribution and acknowledgment of event sponsors. In addition to acknowledging the organizing sponsors, all other cash or donation contributors will be prominently listed.

Local school and community musical groups will also be invited to perform live holiday music in the Amphitheater on Friday evenings, Saturday afternoon and evening, and Sunday afternoons at times when Hometown Holidays will not conflict with any other scheduled events at the Community Center. Live music may be supplemented by recorded music when groups are not performing.

The Hometown Holidays event itself and schedule of holiday musical performances will be advertised to the entire community through local media.

Balloting:

Ballots will be made available to the public at the Community Center during the event. All

members of the public who attend the event are eligible to vote for the best decorated holiday tree. Ballots will be deposited in ballot boxes located at participating downtown restaurants and retail businesses. Ballots may contain or be accompanied by discount coupons or advertising provided by local restaurants and retail businesses. Balloting will commence at the opening of the event after the Downtown Holiday Parade on December 6, 2003 and continue until the morning of January 2, 2004. Ballots will be counted by members of the Hometown Holidays Inc. Board and prizes will be awarded to schools upon their return to session in January 2004.

BUDGET:

Item	Expenditure	Additional Cost if not donated
Scholarship Prizes	\$3,200	
Trees, tree stands, lights	\$925	\$475
Ballots/printed materials	\$100	
Sponsor Acknowledgment signs / tree ID signs / Ballot distribution & collection boxes / & misc. expenses	\$300	
Local entertainment	donations	
TOTAL*	\$4,525	\$475

^{*}If additional funds or donations are generated, they can be used to increase school prize awards or used to offset the cost of future events.

ORGANIZING SPONSOR'S SUGGESTED CONTRIBUTIONS:

City of Morgan Hill:

Use of City's Name as an organizing sponsor.

Use of Amphitheater free of charge as a venue for the event.

Coverage under City liability insurance policy to the limits required by the City.

Morgan Hill Chamber of Commerce:

Use of Chamber's name as an organizing sponsor.

Assist in promotion of the event.

Staff/office support for event.

Morgan Hill Community Foundation:

Use of Foundation's name as an organizing sponsor.

Cash contribution and/or assistance in soliciting contributions/donations.

Morgan Hill Downtown Association:

Use of Association's Name as an organizing sponsor.

Placement of ballot boxes in stores.

Voluntary discount coupons for ballots.

Assistance in soliciting contributions/sponsorships and advertising.

Morgan Hill Kiwanis Club:

Use of Club's name as an organizing sponsor.

Cash contribution.

Volunteers for set up/take down.

Morgan Hill Rotary Club:

Use of Club's name as an organizing sponsor.

Cash Contribution.

Volunteers for set up/ take down.

Morgan Hill Teachers Aid Association:

Use of Association's name as an organizing sponsor.

Coordination of school site contest and volunteers for tree decoration.



CITY COUNCIL STAFF REPORT

MEETING DATE: May 21, 2003

COMMUNITY AND CULTURAL CENTER RENTAL RATES

RECOMMENDED ACTIONS:

Adopt a resolution revising rental and service fee rates for the Community and Cultural Center

Agenda Item #5

Prepared By:

Manager, Recreation & Community Services

Submitted By:

City Manager

EXECUTIVE SUMMARY: Rental and service fees for use of the Community and Cultural Center (CCC) by the public are intended to partially recover maintenance and operating costs. The revised rental and service fee rate structure is intended to remain competitive and be customer-friendly. It also aims to balance the desire to encourage increased use of the CCC with the need to recover some portion of the operating costs per event. The proposed rate schedules are attached as Tables 1 through 4. Some basic room rental rates will increase but will now include all typical city provided services that may have previously been provided at an extra charge. For example, rental of a large room for a private event will include basic set-up and take-down, basic janitorial services, basic A/V set-up, one event attendant and use of the kitchen. Exclusive kitchen use will no longer be available. In some cases, the revised, inclusive basic rates will actually be less than the previous combined cost of the rental with extra services. If a user requests, or the City determines, that additional special services are required, they will still be available for a fee.

Special rental rates may also be negotiated for certain circumstances such as large events that occupy the entire community center or occupy large rooms over several consecutive days. These rates will be negotiated based on the type of event, category of user and the overall value of rentable space.

The proposed rates were derived from current rates, including city provided services, with an emphasis to encourage local community use. However, some services that will now be included in the basic rental rate for a given category may not achieve total cost recovery. It is hoped, however, that simplifying rental rates may encourage a higher volume of rentals. Recommended cost recovery rates are compared to current and proposed rates in Table 5.

Finally, experience has shown that more staff time and work is required to process a reservation, including meeting with the user to determine their needs, calculate rental fees and finalize a reservation. It is proposed that the non-refundable reservation processing fee be adjusted from \$17 to \$25 to more accurately reflect cost recovery for that process.

Fiscal Impact: Implementing rental and service fee rate changes may reduce revenue from individual events, but increased room rentals should offset this loss and achieve the desired level of cost recovery.

PROPOSED RENTAL AND SERVICE FEE SCHEDULE

General Fees that apply to all reservations:

- 1. A non-refundable Reservation Processing Fee of \$25 applies to all reservations. (Increased from \$17)
- 2. A Rental Deposit equal to 50% of total rental fee is due when reservation is made.
- 3. A refundable Security/Damage Deposit is required for rental of Large Rooms and the Playhouse as follows:

No alcoholic beverages served: \$350 Alcoholic beverages served: \$500

(Current Security Deposit ranges from \$350 to \$700 depending on room and alcohol use)

Children's Pavilion \$100

- 4. Cancellation fee of \$50 applies to all reservations cancelled more than 60 days from event date. The entire rental deposit is forfeited for all cancelled reservations within 60 days of the event.
- 5. A change of date once a reservation is scheduled will result in a \$25 fee.

Room Rental Rates:

- 1. Rental fees for large rooms include City supplied services such as set-up, tear-down, basic janitorial services, basic A/V setup, non-exclusive kitchen use and one event attendant services.
- 2. Rental fees for meeting rooms include City supplied services such as set-up, tear-down, basic janitorial services, basic A/V setup, and coffee services.
- 3. Prime Time Rental Rates apply Friday after 5:00 p.m. & all day Saturday, Sunday, Holidays

TABLE 1: Sample Fee Schedule for Morgan Hill Non-profit & Community Group Discount Rate:

Room Use	Current Prime Time Rental	Proposed Prime Time Rental	Current Non-Prime Time Rental	Proposed Non-Prime Time Rentals
Large Rooms	4 hr. min rental	4 hr. min rental	No min. rental	No min. rental
Hiram Morgan Hill Room	\$50/hr+extras	\$60/hr	\$50/hr+extras	\$50/hr
El Toro Room	\$30/hr+extras	\$40/hr	\$30/hr+extras	\$30/hr
Amphitheater	\$30/hr+extras	\$40/hr	\$30/hr+extras	\$30/hr
Community Playhouse				
Performances (per 4 hr. performance)	\$225+exrtas	\$245/perform	\$225+extras	\$245/perform
Technical Rehearsals (per 4 hr. rehearsal)	\$125+extras	\$125/rehearsal	\$125+extras	\$125/rehearsal
Non-technical Rehearsal (2 hr. min. rental)	\$20/hr.+extras	\$30/hr	\$20/hr+extras	\$30/hr
Meeting Rooms including Playhouse (No minimum rental)	\$30/hr+extras	\$35/hr	\$30/hr+extras	\$30/hr
Extras: One Event Attendant	\$20/hr	Included	\$20/hr	Included

Other extra services currently charged include exclusive use of kitchen. Non-exclusive use of kitchen will be included

TABLE 2: Sample Fee Schedule for Morgan Hill Residents Discount Rate:

Room Use	Current Prime Time	Proposed Prime Time	Current Non-Prime Time	Proposed Non-Prime
	Rental	Rental	Rental	Time Rentals
Large Rooms (w/ one event attendant)	4 hr. min rental	4 hr. min rental	No min. rental	No min. rental
Hiram Morgan Hill Room	\$100/hr+extras	\$115/hr	\$60/hr+extras	\$75/hr
El Toro Room	\$80/hr+extras	\$95/hr	\$40/hr+extras	\$55/hr
Amphitheater	\$160/hr+extras	\$175/hr	\$120/hr+extras	\$135/hr
Community Playhouse				
Performances (per 4 hr. performance)	\$225+exrtas	\$245/perform	\$225+extras	\$245/perform
Technical Rehearsals (per 4 hr. rehearsal)	\$125+extras	\$125/rehearsal	\$125+extras	\$125/rehearsal
Non-technical Rehearsal (2 hr. min. rental)	\$20/hr.+extras	\$30/hr	\$20/hr+extras	\$30/hr
Meeting Rooms including Playhouse (No minimum rental)	\$40/hr+extras	\$50/hr	\$40/hr+extras	\$40/hr
Extras: One Event Attendant	\$20/hr	Included	\$20/hr	Included

Other extra services currently charged include exclusive use of kitchen. Non-exclusive use of kitchen will be included.

TABLE 3: Sample Fee Schedule for Morgan Hill Businesses Discount Rate:

Room Use	Current	Proposed	Current	Proposed
	Prime Time	Prime Time	Non-Prime	Non-Prime
	Rental	Rental	Time Rental	Time Rentals
Large Rooms	4 hr. min rental	4 hr. min rental	No min. rental	No min. rental
Hiram Morgan Hill Room	\$100/hr+extras	\$120/hr	\$60/hr+extras	\$80/hr
El Toro Room	\$80/hr+extras	\$100/hr	\$40/hr+extras	\$60/hr
Amphitheater	\$160/hr+extras	\$180/hr	\$120/hr+extras	\$140/hr
Community Playhouse				
Performances (per 4 hr. performance)	\$225+exrtas	\$245/perform	\$225+extras	\$245/perform
Technical Rehearsals (per 4 hr. rehearsal)	\$125+extras	\$125/rehearsal	\$125+extras	\$125/rehearsal
Non-technical Rehearsal (2 hr. min. rental)	\$20/hr.+extras	\$30/hr	\$20/hr+extras	\$30/hr
Meeting Rooms including Playhouse (No minimum rental)	\$40/hr+extras	\$50/hr	\$40/hr+extras	\$40/hr
Extras: One Event Attendant	\$20/hr	Included	\$20/hr	Included

Other extra services currently charged include exclusive use of kitchen. Non-exclusive use of kitchen will be included.

TABLE 4: Sample Fee Schedule for Standard Rate for All Other Users:

Room Use	Current	Proposed	Current	Proposed
	Prime Time	Prime Time	Non-Prime	Non-Prime
	Rental	Rental	Time	Time Rentals
			Rental	
Large Rooms	4 hr. min rental	4 hr. min rental	No min. rental	No min. rental
Hiram Morgan Hill Room	\$125/hr+extras	\$145/hr	\$75/hr+extras	\$95/hr
El Toro Room	\$100/hr+extras	\$120/hr	\$50/hr+extras	\$70/hr
Amphitheater	\$200/hr+extras	\$220/hr	\$150/hr+extras	\$170/hr
Community Playhouse				
Performances (per 4 hr. performance)	\$225+exrtas	\$245/perform	\$225+extras	\$245/perform
Technical Rehearsals (per 4 hr. rehearsal)	\$125+extras	\$125/rehearsal	\$125+extras	\$125/rehearsal
Non-technical Rehearsal (2 hr. min. rental)	\$20/hr.+extras	\$30/hr	\$20/hr+extras	\$30/hr
Meeting Rooms including Playhouse (No minimum rental)	\$50/hr+extras	\$60/hr	\$40/hr+extras	\$50/hr
Extras: One Event Attendant	\$20/hr	Included	\$20/hr	Included

Other extra services currently charged include exclusive use of kitchen. Non-exclusive use of kitchen will be included.

Special Services:

Special services are available as may be required based on the size or nature of an event. Large events or those with unusual needs may require additional or specialized staff to make their event a success. These services include:

Special rental rates may also be negotiated for special circumstances such as large events that occupy the entire community center facility or occupy large rooms over several consecutive days. These rates may include necessary additional event attendants and special janitorial services. Rates will be negotiated based on the type of event, category of user and the overall value of rentable space.

TABLE 5: Comparison of Total Cost Recovery Rate to Current Rates and Proposed Rates

Room Use:	Hiram Morgan	El Toro Room	Amphitheater	All other
Prime Time	Hill Room			rooms
Cost Recovery Rate	\$175/hr+extras	\$125/hr+extras	\$250/hr+extras	\$50/hr+extras
Current Standard Rate	\$125/hr+extras	\$100/hr+extras	\$200/hr+extras	\$50/hr+extras
Current Resident/Business Rate	\$100/hr+extras	\$80/hr+extras	\$160/hr+extras	\$40/hr+extras
Current Non-Profit Rate	\$50/hr+extras	\$30/hr+extras	\$30/hr+extras	\$30/hr+extras
Proposed Standard Rate	\$145/hr total	\$120/hr total	\$220/hr total	\$60/hr total
Proposed Resident Rate	\$115/hr total	\$95/hr total	\$175/hr total	\$40/hr total
Proposed Business Rate	\$120/hr total	\$100/hr total	\$180/hr total	\$50/hr total
Proposed Non-Profit Rate	\$60/hr total	\$40/hr total	\$40/hr total	\$35/hr total

Room Use:	Hiram Morgan	El Toro Room	Amphitheater	All other
Non-Prime Time	Hill Room			rooms
Cost Recovery Rate	\$100hr+extras	\$50/hr+extras	\$150/hr+extras	\$30/hr+extras
Current Standard Rate	\$125/hr+extras	\$50/hr+extras	\$150/hr+extras	\$40/hr+extras
Current Resident/Business Rate	\$60/hr+extras	\$40/hr+extras	\$120/hr+extras	\$40/hr+extras
Current Non-Profit Rate	\$50/hr	\$30/hr	\$30/hr	\$30/hr
Proposed Standard Rate	\$95/hr total	\$70/hr total	\$170/hr total	\$50/hr total
Proposed Resident Rate	\$75/hr total	\$55/hr total	\$135/hr total	\$40/hr total
Proposed Business Rate	\$80/hr total	\$60/hr total	\$140/hr total	\$40/hr total
Proposed Non-Profit Rate	\$50/hr total	\$30/hr total	\$30/hr total	\$30/hr total

^{1.} Prime Time rentals occur during non-business hours on Friday through Sunday and holidays. City must provide extra staff to perform required services. Non-Prime Time includes normal business hours plus Monday through Thursday evening.

^{2.} Cost recovery rate was determined through a comparative study by SMG in July 2002.

^{3.} Current rate extra costs include one event attendant (\$20/hr), exclusive use of the kitchen (\$30/hr) and other extra services.

^{4.} Proposed total rates include one event attendant, non-exclusive use of kitchen and other misc. services at no extra cost.

RESOLUTION NO. 5667

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL ADOPTING REVISED RENTAL AND SERVICE FEE RATES FOR THE COMMUNITY AND CULTURAL CENTER

WHEREAS, the City has established a policy to recover operating costs of the Community and Cultural Center by charging appropriate fees for use of the facility by the public, and

WHEREAS, the current rental and service fee rates can appear confusing because the total rental cost must be calculated from an inordinate number of individual rental and service fees, and

WHEREAS, the City desires to simplify the rental and service fee rates to be more customer friendly by including all basic services into a single rental rate for each room at the Community Center, and

WHEREAS, simplifying the rental and service fee rates, while maintaining attractive discounts for Morgan Hill residents, businesses and community organizations, will encourage increased use of the Community and Cultural Center facilities;

NOW THEREFORE, BE IT RESOLVED that the City Council of the City of Morgan Hill adopts revised rental and service fee rates as attached in EXHIBIT A.

PASSED AND ADOPTED by the City Council of Morgan Hill at a Regular Meeting held on the 21st Day of May, 2003, by the following vote.

AYES: COUNCIL MEMBERS: NOES: COUNCIL MEMBERS: ABSTAIN: COUNCIL MEMBERS: COUNCIL MEMBERS:

***** CERTIFICATION *****

I, IRMA TORREZ, CITY CLERK OF THE CITY OF MORGAN HILL, CALIFORNIA, do hereby certify that the foregoing is a true and correct copy of Resolution No. 5667, adopted by the City Council at a Regular Meeting held on May 21, 2003.

WITNESS MY HAND AND THE SEAL OF THE CITY OF MORGAN HILL.

DATE:	
	IRMA TORREZ, City Clerk

EXHIBIT A

CITY OF MORGAN HILL COMMUNITY AND CULTURAL CENTER RENTAL AND SERVICE FEES

General Fees that apply to all reservations:

- 1. A non-refundable Reservation Processing Fee of \$25 applies to all reservations.
- 2. A Rental Deposit equal to 50% of total rental fee is due when reservation is made.
- 3. A refundable Security/Damage Deposit is required for rental of:

Large Rooms and the Playhouse:

No alcoholic beverages served: \$350 Alcoholic beverages served: \$500 Children's Pavilion \$100

- 4. Cancellation fee of \$50 applies to all reservations cancelled more than 60 days from event date. The entire rental deposit is forfeited for all cancelled reservations within 60 days of the event.
- 5. A change of date once a reservation is scheduled will result in a \$25 fee.

Room Rental Rates:

All rental rates include basic set-up, tear-down, janitorial service, A/V set-up, one event attendant, and not exclusive use of the kitchen (on a first come/first serve basis). Meeting room rentals also include coffee/tea service.

Prime time rental rates apply Friday after 5:00 p.m. & all day Saturday, Sunday and Holidays.

TABLE 1: Morgan Hill Non-Profit & Community Group Discount Rate:

Room Use	Prime Time Rental	Non-Prime Time Rentals
Large Rooms	4 hr. min rental	No min. rental
Hiram Morgan Hill Room	\$60/hr	\$50/hr
El Toro Room	\$40/hr	\$30/hr
Amphitheater	\$40/hr	\$30/hr
Community Playhouse		
Performances (per 4 hr. performance)	\$245/performance	\$245/performance
Technical Rehearsals (per 4 hr. rehearsal)	\$125/rehearsal	\$125/rehearsal
Non-technical Rehearsal (2 hr. min. rental)	\$30/hr	\$30/hr
Meeting Rooms including Playhouse (No min. rental)	\$35/hr	\$30/hr

TABLE 2: Morgan Hill Residents Discount Rate:

Room Use	Prime Time Rental	Non-Prime Time Rentals
Large Rooms	4 hr. min rental	No min. rental
Hiram Morgan Hill Room	\$115/hr	\$75/hr
El Toro Room	\$95/hr	\$55/hr
Amphitheater	\$175/hr	\$135/hr
Community Playhouse		
Performances (per 4 hr. performance)	\$245/performance	\$245/performance
Technical Rehearsals (per 4 hr. rehearsal)	\$125/rehearsal	\$125/rehearsal
Non-technical Rehearsal (2 hr. min. rental)	\$30/hr	\$30/hr
Meeting Rooms including Playhouse (No min. rental)	\$50/hr	\$40/hr

TABLE 3: Morgan Hill Businesses Discount Rate:

Room Use	Prime Time Rental	Non-Prime Time Rentals
Large Rooms	4 hr. min rental	No min. rental
Hiram Morgan Hill Room	\$120/hr	\$80/hr
El Toro Room	\$100/hr	\$60/hr
Amphitheater	\$180/hr	\$140/hr
Community Playhouse		
Performances (per 4 hr. performance)	\$245/performance	\$245/performance
Technical Rehearsals (per 4 hr. rehearsal)	\$125/rehearsal	\$125/rehearsal
Non-technical Rehearsal (2 hr. min. rental)	\$30/hr	\$30/hr
Meeting Rooms including Playhouse (No min. rental)	\$50/hr	\$40/hr
,		

TABLE 4: Standard Rate for All Other Users:

Room Use	Prime Time Rental	Non-Prime Time Rentals
Large Rooms Hiram Morgan Hill Room El Toro Room Amphitheater	4 hr. min rental \$145/hr \$120/hr \$220/hr	No min. rental \$95/hr \$70/hr \$170/hr
Community Playhouse Performances (per 4 hr. performance) Technical Rehearsals (per 4 hr. rehearsal) Non-technical Rehearsal (2 hr. min. rental) Meeting Rooms including Playhouse (No min. rental)	\$245/performance \$125/rehearsal \$30/hr \$60/hr	\$245/performance \$125/rehearsal \$30/hr \$50/hr

Special Services:

Special services are available as may be required based on the size or nature of an event. Large events or those with unusual needs may require additional or specialized staff to make their event a success. These services include:

A/V specialist in attendance at event:

Kitchen Coordinator:

Event attendant in addition to one supplied:

Specialist for meetings

Special janitorial services

\$35/hr (2 hr. minimum)

\$20/hr (2 hr. minimum)

varies depending on service

varies depending on service

Special rental rates may also be negotiated for special circumstances such as large events that occupy the entire community center facility or occupy large rooms over several consecutive days. These rates may include necessary additional event attendants and special janitorial services. Rates will be negotiated based on the type of event, category of user and the overall value of rentable space.



COUNCIL RESOLUTION SUPPORTING GRANT FUNDING FOR CLASS II BIKE LANE AT LIVE OAK HIGH SCHOOL

RECOMMENDED ACTION(S):

Adopt Resolution supporting the application for Safe Routes to School grant funds for construction of a Class II bike lane along the north side of Main Street.

Agenda Item # 6	Agen	da	Item	#	6
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Prepared By:

Associate Engineer

Approved By:

Public Works Director

Submitted By:

City Manager

EXECUTIVE SUMMARY: The Department of Transportation, Caltrans, announced a call for projects for the fourth cycle of the Safe Routes to School Grant Program in February 2003. The objective of the program is to encourage students to walk or ride by providing safe access routes to schools. The grant proposal contained herein addresses student access to Live Oak High School. As with other grants, the City's proposed project would compete for funding with other local agencies.

Staff recommends submitting an application for the SR2S funding opportunity. The City's proposed project would consist of constructing approximately 2,570 lineal feet of Class II bike lane along the northerly side of Main Avenue, between Condit and Elm. Construction is estimated at \$120,000 with total project cost at \$155,000. In addition, City must cover all project costs until reimbursed. A bike lane exists on the southerly side. Right-of-Way acquisition is not necessary for this work. The proposed bike lane, which compliments the existing bike lane on the south side of Main, will provide student cyclists and pedestrians with a safe travel way to and from school by increasing the distance between themselves and automobiles. The improvements will also provide bicycle commuters or local residents with a safe east to west connection route to the downtown area. The improvements are consistent with the City's adopted Bicycle Master Plan and the City's General Plan.

This grant request was presented to and recommended by the Bicycle and Trails Advisory Committee on May 8, 2003.

FISCAL IMPACT: City matching funds for this project are currently not budgeted. If the grant is approved, staff will recommend appropriation of \$35,000 from our unappropriated Park Maintenance Fund balance.

RESOLUTION NO. 5668

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING THE APPLICATION FOR GRANT FUNDS FOR THE CLASS II BIKE LANE AT LIVE OAK HIGH SCHOOL FOR THE SAFE ROUTES TO SCHOOL GRANT PROGRAM

WHEREAS, Caltrans has announced a call for projects for the Safe Routes to School (SR2S) funding cycle; and

WHEREAS, the City of Morgan Hill encourages its citizens to maintain their health and promotes the preservation of clean air through the use of bicycles; and

WHEREAS, the Public Works Department is diligently working to provide safe bicycle routes and convenient parking facilities for the community; and

WHEREAS, the Bicycle and Trails Advisory Committee (BTAC) is dedicated to bicycle safety and supports the grant request; and

WHEREAS, the City of Morgan Hill has adopted a Bicycle Master Plan in part to facilitate bicycle commuting; now

THEREFORE, BE IT RESOLVED by the City Council of the City of Morgan Hill, to certify the project as the City's project candidate for Safe Routes to School Grant Program;

AND BE IT FURTHER RESOLVED that the City Council certifies matching local funds of 10% for construction plus environmental, design and project implementation costs.

PASSED AND ADOPTED by the City Council of Morgan Hill at a Regular Meeting held on the 21st Day of May, 2003, by the following vote.

AYES: COUNCIL MEMBERS: NOES: COUNCIL MEMBERS: ABSTAIN: COUNCIL MEMBERS: ABSENT: COUNCIL MEMBERS:

***** CERTIFICATION *****

I, IRMA TORREZ, CITY CLERK OF THE CITY OF MORGAN HILL, CALIFORNIA, do hereby certify that the foregoing is a true and correct copy of Resolution No. 5668, adopted by the City Council at a Regular Meeting held on May 21, 2003.

WITNESS MY HAND AND THE SEAL OF THE CITY OF MORGAN HILL.

DATE:	
	IRMA TORREZ, City Clerk



CITY COUNCIL STAFF REPORT

MEETING DATE: May 21, 2003

Agenda Item # 7

Prepared By:

Public Works Director

Submitted By:

City Manager

RECOMMENDED ACTION:

1. Appropriate \$38,000 from our unappropriated Water fund balance to fund a temporary nitrate removal plant at the Burnett Well site.

APPROVAL OF LEASE OF NITRATE REMOVAL PLANT

2. Approve issuance of a PO to Ionics in the amount of \$38,000 for the lease of a temporary nitrate removal plant.

EXECUTIVE SUMMARY:

Earlier this spring, Council was notified that three of our wells located northeast of the former Olin facility had preliminary perchlorate test readings over the 4 ppb State Department of Health Services Action Level. These three wells have remained off line and we continue to test the wells monthly to learn more about the perchlorate contamination from the former Olin facility and its effects on the City's water production facilities.

The three wells currently off-line represent a total production capacity loss of 1750 gpm. Our new Peet Road emergency well is anticipated to be on-line by July 1, 2003 with 500 gpm capacity, the Tennant Avenue perchlorate removal plant is anticipated to add 400 gpm also by July 1, 2003, therefore we still need the nitrate removal plant again this summer to be able to replace the three wells currently off-line. Burnett Well with the nitrate removal plant produces 700 gpm. The plant will be used only on an asneeded basis since the cost of operating the plant is substantially higher than operating our other City wells. The plant will be on line and ready by June 1st should we need additional water to meet this summer's peak water demand. The nitrates at the Burnett well have historically been 40 - 50 mgl, and with the State limit 45 mgl, the City placed the Burnett well in a stand-by mode several years ago to only be used in case of emergency. We now have approval from the State Department of Health Services to operate the well with the nitrate removal plant and the removal process will ensure that the nitrates do not exceed 35 mgl.

Ionics required a four month minimum lease of their facilities, the City previously authorized the first month of the lease. Staff recommends that Council approve a purchase order in the amount of \$38,000 to fund the final three months of the lease. The City will seek reimbursement of these additional costs from our neighbor responsible for the perchlorate contamination.

FISCAL IMPACT:

Staff recommends the appropriation of \$38,000 from our unappropriated Water fund balance to fund this lease.

AGENDA BUDGET SCORECARD FISCAL 2002/03

FUND: 650 **Adjustment #**: 070

DEPARTMENT: 5710

PROGRAM TITLE: Water Operations

AGENDA DATE: 05/21/03

AGENDA ITEM TITLE: Lease of Nitrate Removal Plant

	07/01/02 BEGINNING FUND BALANCE	ESTIMATED REVENUES	APPROPRI- ATIONS	06/30/03 ENDING FUND BALANCE
ORIGINAL BUDGET	3,569,282.00	6,460,358.00	7,924,609.00	2,105,031.00
CUMULATIVE REVISIONS PRIOR TO RECOMMENDED ACTION	45,064.43	-	1,850,589.43	(1,805,525.00)
RECOMMENDED ACTION	-	-	38,000.00	(38,000.00)
RESULT OF RECOMMENDED ACTION	3,614,346.43	6,460,358.00	9,813,198.43	261,506.00



AWARD OF CONTRACT FOR CONSTRUCTION OF MAIN WELL NO. 2 AND SAN PEDRO WELL EQUIPMENT PROJECT

Agenda Item # 8
Prepared By:
Senior Civil Engineer
Approved By:
Public Works Director
Submitted By:
City Manager

RECOMMENDED ACTION(S):

- 1) Award contract to Conco-West Inc. for the construction of Main Well No. 2 and San Pedro Well Equipment Project in the amount of \$639,200.
- 2) Allocate 10% construction contingency funding in the amount of \$63,920 for this project.

EXECUTIVE SUMMARY:

The scope of the work for this project consists of constructing well buildings and appurtences at Main Well No. 2 and modification of the existing San Pedro interim well. The construction and modification include foundations and slabs, block buildings with tile roofs, fences, motor control centers and chemical systems.

The bid opening was held on May 6, 2003 and the bids received are listed below. The low bid is 3% above the engineer's estimate of \$620,000. The low bidder is Conco-West Inc. Conco-West performed work for the City of Morgan Hill several years ago. Staff also checked references and found that other Cities were also pleased with their work, had minimal change orders and were easy to work with. Staff therefore recommends award of the contract to Conco-West Inc. The project is scheduled to commence in early June 2003 and be complete by December 2003.

Conco-West Inc.	\$639,200
Monterey Peninsula Engineering	\$688,300
Trinet Construction	\$730,000
Vulcan Construction & Maintenance Inc.	\$755,401
Diamond Oaks Construction	\$776,874
R.E. McCollum	\$808,100

FISCAL IMPACT:

The project is funded in the current budget under CIP Project #601093, New Well Construction.



ACCEPTANCE OF POLYBUTYLENE WATER SERVICE REPLACEMENT PROJECT, PHASE IV

RECOMMENDED ACTION(S):

- 1. Accept as complete the Polybutylene Water Service Replacement Project, Phase IV project in the final amount of \$357,384.
- 2. Direct the City Clerk to file the attached Notice of Completion with the County Recorder's office.

Agenda Item # 9
Prepared By:
Senior Civil Engineer
Approved By:
Public Works Director
Submitted By:

City Manager

EXECUTIVE SUMMARY:

The contract for the Polybutylene Water Service Replacement Project, Phase IV project was awarded to Vulcan Construction & Maintenance, Inc., by the City Council at their April 17, 2002, meeting in the amount of \$329,777. The scope of work consisted of replacing defective polybutylene water services which is part of an on-going effort to continue the replacement of defective polybutylene water services. Polybutylene materials were used for water services in the 1980's and we have found, like many other water agencies across the nation, the materials become brittle with age and break. In 1995, the City was involved in a class action lawsuit against the Polybutylene pipe manufacturer. Since 1995, the City has used funds from the settlement of the lawsuit to fund Polybutylene service replacements. This project is the fourth phase of a multi-phased effort to replace all Polybutylene water services throughout the City. During construction, several change orders totaling \$27,607 were issued for unforeseen conditions encountered during the installation of the water services. The final construction cost was \$357,384.

The work has been completed in accordance with the plans and specifications.

FISCAL IMPACT:

This project was budgeted in the 2001-02 Capital Improvements Program budget under Polybutylene Service Replacement, Project #615095, with \$500,000 budget. The final contract price is \$357,384. The allocated project construction cost including a 10% contingency was \$362,755.

Record at the request of and when recorded mail to:

CITY OF MORGAN HILL CITY CLERK 17555 Peak Avenue Morgan Hill, CA 95037

RECORD AT NO FEE PURSUANT TO GOVERNMENT CODE SECTION 27383

NOTICE OF COMPLETION CITY OF MORGAN HILL POLYBUTELEYNE WATER SERVICE REPLACEMENT PROJECT

NOTICE IS HEREBY GIVEN, pursuant to Section 3093 of the Civil Code of the State of California, that the Director of Public Works of the City of Morgan Hill, California, on the 21st day of May, 2003, did file with the City Clerk of said City, the contract for performing work which was heretofore awarded to Vulcan Construction & Maintenance, Inc., on April 17, 2002, in accordance with the plans and specifications for said work filed with the City Clerk and approved by the City Council of said City.

That said improvements were substantially completed on April 30, 2003, accepted by the City Council on May 21, 2003, and that the name of the surety on the contractor's bond for labor and materials on said project is the Fireman Fund Insurance Company.

That said improvements consisted of the construction and installation of all items of work provided to be done in said contract, all as more particularly described in the plans and specifications therefore approved by the City Council of said City.

Name and address of Owner:	City of Morgan Hill 17555 Peak Avenue Morgan Hill, California
Dated:,	2003.
I certify under	Jim Ashcraft, Director of Public Works penalty of perjury that the foregoing is true and correct.
	Irma Torrez, City Clerk City of Morgan Hill, CA Date:



AWARD OF GALVAN PARK HANDBALL COURT AND LANDSCAPE BEAUTIFICATION PROJECT

RECOMMENDED ACTION(S):

- 1) Award contract to Bellicitti & Pellicciotti Construction Co., Inc. for the Galvan Park Handball Court and Landscape Beautification Project in the amount of \$70,724.
- 2) Allocate 10% construction contingency funding in the amount of \$7,076 for this project.

Agenda Item # 10 Prepared By: Assistant Engineer Approved By: Public Works Director Submitted By: City Manager

EXECUTIVE SUMMARY:

The scope of work for this project includes the removal and replacement of the concrete handball court, installation of concrete sidewalk, concrete curb, concrete access drive, asphalt concrete removal and replacement, and miscellaneous flatwork.

The bid opening was held on May 1, 2003 and the bids received are as listed below. The low bidder has worked previously for the City of Morgan Hill and staff recommends the award of the contract to Bellicitti & Pellicciotti Construction Co., Inc. This project is scheduled to start towards the end of June, 2003 and shall be completed by August, 2003.

The engineer's estimate for this project is \$90,000. The bid's total price was approximately 15% lower than estimated

Bellicitti & Pellicciotti Construction Co., Inc. \$70,724 Monterey Peninsula Engineering \$85,025

FISCAL IMPACT:

The project is funded in the current year budget under CIP Project #123002 Galvan Park Improvements.



APPROVE PURCHASE ORDER FOR REPLACEMENT SKID MOUNTED 75 KW DIESEL GENERATOR AND

AUTOMATIC TRANSFER SWITCH AT "C" LIFT STATION

Agenda Item # 11
Prepared By:
Management Analyst
Approved By:
Department Director
Submitted By:
City Manager

RECOMMENDED ACTION(S):

Approve the purchase of a Skid Mounted 75kw Diesel Generator and Automatic Transfer Switch Replacement in the amount of \$36,465.

EXECUTIVE SUMMARY:

Sewer Lift Station "C" is critical to our sewer system; it services a large portion of Holiday Lakes Estates. The current automatic transfer switch is not reliable. Due to numerous repairs to both the aged generator and the transfer switch these replacements were funded in the current year.

A request for proposal for the purchase and installation of this equipment were held on April 21, 2003. The results are as follows:

Sprig Electric \$36,465.00 Peterson Power System, Inc. \$41,982.60 State Electric Generator \$49,241.00

Staff is confident the bid submitted is a competitive price and that it meets specifications. Staff recommends the purchase from Sprig Electric.

FISCAL IMPACT:

The total cost for this project is \$36,465. Funds for this purchase and installation are budgeted in the current Sewer Operations Budget.



ADOPT ORDINANCE NO. 1617, NEW SERIES

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING A DEVELOPMENT AGREEMENT FOR APPLICATION MP-99-04: CHRISTEPH COURT - KOSICH (APN 764-32-024)/(DA-00-01: CHRISTEPH - KOSICH

Agenda Item #12
Prepared By:
Deputy City Clerk
Approved By:
City Clerk
Submitted By:
City Manager

RECOMMENDED ACTION(S):

<u>Waive</u> the Reading, and <u>Adopt</u> Ordinance No. 1617, New Series, and <u>Declare</u> That Said Title, Which Appears on the Public Agenda, Shall Be Determined to Have Been Read by Title and Further Reading Waived.

EXECUTIVE SUMMARY:

On May 7, 2003, the City Council Introduced Ordinance No. 1617, New Series by the Following Roll Call Vote: AYES: Carr, Chang, Sellers, Tate; NOES: None; ABSTAIN: None; ABSENT: Kennedy.

FISCAL IMPACT:

None. Filing fees were paid to the City to cover the cost of processing this application.

ORDINANCE NO. 1617, NEW SERIES

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING A DEVELOPMENT AGREEMENT FOR APPLICATION MP-99-04: CHRISTEPH COURT - KOSICH (APN 764-32-024)/(DA-00-01: CHRISTEPH - KOSICH)

THE CITY COUNCIL OF THE CITY OF MORGAN HILL DOES HEREBY ORDAINS AS FOLLOWS:

- The City Council has adopted Resolution No. 4028 establishing a procedure for processing Development Agreements for projects receiving allotments through the Residential Development Control System, Title 18, Chapter 18.78 of the Municipal Code.
- The California Government Code Sections 65864 thru 65869.5 authorizes the City of Morgan Hill to enter into binding Development Agreements with persons having legal or equitable interests in real property for the development of such property.
- SECTION 3. The Planning Commission, pursuant to Title 18, Chapter 18.78.125 of the Municipal Code and Resolution No. 99-27A, adopted April 27, 1999, has awarded allotments to a certain project herein after described as follows:

Project

Total Dwelling Units

MP-99-04: Christeph Ct - Kosich

1 allotment (Fiscal Year 1999-2000)

SECTION 4. References are hereby made to certain Agreements on file in the office of the City Clerk of the City of Morgan Hill.

These documents to be signed by the City of Morgan Hill and the property owner set forth in detail and development schedule, the types of homes, and the specific restrictions on the development of the subject property. Said Agreement herein above referred to shall be binding on all future owners and developers as well as the present owners of the lands, and any substantial change can be made only after further public hearings before the Planning Commission and the City Council of this City.

- SECTION 5. The City Council hereby finds that the development proposal and agreement approved by this ordinance is compatible with the goals, objectives, policies, and land uses designated by the General Plan of the City of Morgan Hill.
- **SECTION 6.** Authority is hereby granted for the City Manager to execute all development agreements approved by the City Council during the Public Hearing Process.

City of Morgan Hill Ordinance No. 1617, New Series Page 2

- SECTION 7. Severability. If any part of this Ordinance is held to be invalid or inapplicable to any situation by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance or the applicability of this Ordinance to other situations.
- SECTION 8. Effective Date Publication. This ordinance shall take effect from and after thirty (30) days after the date of its adoption. The City Clerk is hereby directed to publish this ordinance pursuant to §36933 of the Government Code.

The foregoing ordinance was introduced at the regular meeting of the City Council of the City of Morgan Hill held on the 7th Day of May 2003, and was finally adopted at a regular meeting of said Council on the 21st Day of May 2003, and said ordinance was duly passed and adopted in accordance with law by the following vote:

AYES: COUNCIL MEMBERS:
NOES: COUNCIL MEMBERS:
ABSENT: COUNCIL MEMBERS:
ABSTAIN: COUNCIL MEMBERS:

ATTEST: APPROVED:

Irma Torrez, City Clerk Dennis Kennedy, Mayor

EXECUTE OF THE CITY CLERK CS

I, IRMA TORREZ, CITY CLERK OF THE CITY OF MORGAN HILL, CALIFORNIA, do hereby certify that the foregoing is a true and correct copy of Ordinance No. 1617, New Series, adopted by the City Council of the City of Morgan Hill, California at their regular meeting held on the 21st Day of May, 2003.

WITNESS MY HAND AND THE SEAL OF THE CITY OF MORGAN HILL.

DATE:	
	IRMA TORREZ, City Clerk



Agenda	Hem	#13

Prepared By:

Deputy City Clerk

Approved By:

City Clerk

Submitted By:

City Manager

ADOPT ORDINANCE NO. 1618, NEW SERIES

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING DEVELOPMENT AGREEMENT, DA 02-09 FOR MMP 02-02: DEWITT - MARQUEZ SUBDIVISION (APN 773-08-014)

RECOMMENDED ACTION(S):

<u>Waive</u> the Reading, and <u>Adopt</u> Ordinance No. 1618, New Series, and <u>Declare</u> That Said Title, Which Appears on the Public Agenda, Shall Be Determined to Have Been Read by Title and Further Reading Waived.

EXECUTIVE SUMMARY:

On May 7, 2003, the City Council Introduced Ordinance No. 1618, New Series by the Following Roll Call Vote: AYES: Carr, Chang, Sellers, Tate; NOES: None; ABSTAIN: None; ABSENT: Kennedy.

FISCAL IMPACT:

None. Filing fees were paid to the City to cover the cost of processing this application.

ORDINANCE NO. 1618, NEW SERIES

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING DEVELOPMENT AGREEMENT, DA 02-09 FOR MMP 02-02: DEWITT - MARQUEZ SUBDIVISION (APN 773-08-014)

THE CITY COUNCIL OF THE CITY OF MORGAN HILL DOES HEREBY ORDAINS AS FOLLOWS:

SECTION 1. The City Council has adopted Resolution No. 4028 establishing a procedure for processing Development Agreements for projects receiving allotments through the Residential Development Control System, Title 18, Chapter 18.78 of the Municipal Code.

SECTION 2. The California Government Code Sections 65864 thru 65869.5 authorizes the City of Morgan Hill to enter into binding Development Agreements with persons having legal or equitable interests in real property for the development of such property.

SECTION 3. The Planning Commission, pursuant to Title 18, Chapter 18.78.125 of the Municipal Code and Resolution No. 02-36, adopted May 14, 2002, has awarded allotments to that certain project herein after described as follows:

Project

Total Dwelling Units

MMP 02-02: Dewitt - Marquez

4 single-family homes

SECTION 4. References are hereby made to certain Agreements on file in the office of the City Clerk of the City of Morgan Hill. These documents to be signed by the City of Morgan Hill and the property owner set forth in detail and development schedule, the types of homes, and the specific restrictions on the development of the subject property. Said Agreement herein above referred to shall be binding on all future owners and developers as well as the present owners of the lands, and any substantial change can be made only after further public hearings before the Planning Commission and the City Council of this City.

SECTION 5. The City Council hereby finds that the Residential Development Agreement and Development Proposal approved by this ordinance (and attached hereto) are compatible with the goals, objectives, policies, and land uses designated by the General Plan of the City of Morgan Hill.

SECTION 6. Authority is hereby granted for the City Manager to execute all development agreements approved by the City Council during the Public Hearing Process.

SECTION 7. Severability. If any part of this Ordinance is held to be invalid or inapplicable to any situation by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance or the applicability of this Ordinance to other situations.

City of Morgan Hill Ordinance No. 1618, New Series Page 2

SECTION 8. Effective Date Publication. This ordinance shall take effect from and after thirty (30) days after the date of its adoption. The City Clerk is hereby directed to publish this ordinance pursuant to §36933 of the Government Code.

The foregoing ordinance was introduced at the regular meeting of the City Council of the City of Morgan Hill held on the 7th Day of May 2003, and was finally adopted at a regular meeting of said Council on the 21st Day of May 2003, and said ordinance was duly passed and adopted in accordance with law by the following vote:

AYES:	COUNCIL MEMBERS:	
NOES:	COUNCIL MEMBERS:	
ABSENT:	COUNCIL MEMBERS:	
ABSTAIN:	COUNCIL MEMBERS:	
ATTEST:		APPROVED:
Irma Torrez	z, City Clerk	Dennis Kennedy, Mayor
CALIFORN 1618, New S	RMA TORREZ, CITY CINA, do hereby certify that the	E OF THE CITY CLERK CS LERK OF THE CITY OF MORGAN HILI foregoing is a true and correct copy of Ordinance No ouncil of the City of Morgan Hill, California at the ty, 2003.
WIT	NESS MY HAND AND THE	SEAL OF THE CITY OF MORGAN HILL.
DATE:		
		IRMA TORREZ, City Clerk



Agenda	Item	#	14

Prepared By:

Deputy City Clerk

Approved By:

City Clerk

Submitted By:

City Manager

ADOPT ORDINANCE NO. 1619, NEW SERIES

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING DEVELOPMENT AGREEMENT, DA-03-01: CHRISTEPH - KAMANGAR/PINE BROOKS TRUST (APN 764-32-025)

RECOMMENDED ACTION(S):

<u>Waive</u> the Reading, and <u>Adopt</u> Ordinance No. 1619, New Series, and <u>Declare</u> That Said Title, Which Appears on the Public Agenda, Shall Be Determined to Have Been Read by Title and Further Reading Waived.

EXECUTIVE SUMMARY:

On May 7, 2003, the City Council Introduced Ordinance No. 1619, New Series by the Following Roll Call Vote: AYES: Carr, Chang, Sellers, Tate; NOES: None; ABSTAIN: None; ABSENT: Kennedy.

FISCAL IMPACT:

None. Filing fees were paid to the City to cover the cost of processing this application.

ORDINANCE NO. 1619, NEW SERIES

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING DEVELOPMENT AGREEMENT, DA-03-01: CHRISTEPH - KAMANGAR/PINE BROOKS TRUST (APN 764-32-025)

THE CITY COUNCIL OF THE CITY OF MORGAN HILL DOES HEREBY ORDAINS AS FOLLOWS:

- **SECTION 1.** Sections 65864 through 65869.5 of the California Government Code authorizes the City of Morgan Hill to enter into binding Development Agreements with persons having legal or equitable interests in real property for the development of such property.
- **SECTION 2.** Measure E, the previous Residential Development Control System, under which this subdivision request was originally processed, provided for the exemption of subdivisions of four or fewer lots from the building allotment process.
- **SECTION 3.** The Development Agreement request was considered by the Planning Commission at their regular meeting of April 8, 2003, at which time the Planning Commission recommended approval of Development Agreement application DA 03-01: Christeph Dr. Kamangar/Pine Brooks Trust.
- **SECTION 4.** References are hereby made to certain Agreements on file in the office of the City Clerk of the City of Morgan Hill. These documents to be signed by the City of Morgan Hill and the property owner set forth in detail the development schedule, the types of homes, and the specific restrictions on the development of the subject property. Said Agreement herein above referred to shall be binding on all future owners and developers as well as the present owners of the lands, and any substantial change can be made only after further public hearings before the Planning Commission and the City Council of this City.
- **SECTION 5.** The City Council hereby finds that the Residential Development Agreement and Development Proposal approved by this ordinance (and attached hereto) are compatible with the goals, objectives, policies, and land uses designated by the General Plan of the City of Morgan Hill.
- **SECTION 6.** Authority is hereby granted for the City Manager to execute all development agreements approved by the City Council during the Public Hearing Process.
- **SECTION 7.** Severability. If any part of this Ordinance is held to be invalid or inapplicable to any situation by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance or the applicability of this Ordinance to other situations.

City of Morgan Hill Ordinance No. 1619, New Series Page 2

SECTION 8. Effective Date Publication. This ordinance shall take effect from and after thirty (30) days after the date of its adoption. The City Clerk is hereby directed to publish this ordinance pursuant to §36933 of the Government Code.

The foregoing ordinance was introduced at the regular meeting of the City Council of the City of Morgan Hill held on the 7th Day of May 2003, and was finally adopted at a regular meeting of said Council on the 21st Day of May 2003, and said ordinance was duly passed and adopted in accordance with law by the following vote:

ABSENT:	COUNCIL MEMBERS: COUNCIL MEMBERS: COUNCIL MEMBERS: COUNCIL MEMBERS:	
ATTEST:		APPROVED:
Irma Torrez	z, City Clerk	Dennis Kennedy, Mayor
CALIFORN 1619, New S	RMA TORREZ, CITY CLI IA, do hereby certify that the for	OF THE CITY CLERK ERK OF THE CITY OF MORGAN HILI pregoing is a true and correct copy of Ordinance No uncil of the City of Morgan Hill, California at the 2003.
WIT	NESS MY HAND AND THE S	SEAL OF THE CITY OF MORGAN HILL.
DATE:		IRMA TORREZ, City Clerk



RESIDENTIAL DEVELOPMENT CONTROL SYSTEM (RDCS) 2003 QUARTERLY REPORT #1

RECOMMENDED ACTION(S):

Accept and File the RDCS First Quarter Report for 2003

EXECUTIVE SUMMARY:

In accordance with Section 18.78.150 of the Municipal Code, the Community Development Department is required to review, on a quarterly basis, each proposed development which has received a Residential Development Control System (RDCS) allotment. The purpose of this review is to determine whether satisfactory progress is being made with processing of the appropriate plans with the Community Development Department.

Most of the residential projects are proceeding according to approved development schedules. The following project or project phases are classified as BEHIND SCHEDULE: McLaughlin-Jones (MP-00-03), Church-South County Housing (MP-00-31), Shafer-Bamdad (MP-01-07), Berkshire-Singh (MP-00-01), and DeWitt-Marquez (MMP-02-02).

Development Agreement Amendments for extension of time for McLaughlin-Jones, Church-South County Housing, and Berkshire-Singh projects are on the May 27, 2003 Planning Commission agenda for consideration. The development agreement for De-Witt Marquez was approved with an extension of time by the City Council on May 7, 2003. Shafer- Bamdad is late filing a final map application but has an appointment to submit their final map with the Public Works Department. Upon filing, the project will resume good standing. During the first quarter monitoring period, RDCS/Measure "P" projects have secured 52 additional building permits and completed construction of 34 homes.

As of this quarterly report, the projected population for the City of Morgan Hill, based on all dwelling units allocated to date, will be 36,743.

By a vote of 6-0, with one Commissioner absent, the Commission approved the Quarterly Report by minute action and recommended the same by the Council. A copy of the 1st Quarterly Report for 2003 and the draft minutes of the April 22, 2003 Planning Commission meeting are attached for the Council's reference.

FISCAL IMPACT:

Preparation of this report was accomplished with monies from the Community Development Fund.

Agenda Item # 15

Prepared By:

Planning Technician

Approved By:

Community
Development Director

Submitted By:

City Manager



MEMORANDUM

Date: APRIL 22, 2003

To: PLANNING COMMISSION

From: COMMUNITY DEVELOPMENT DEPARTMENT

Subject: RESIDENTIAL DEVELOPMENT CONTROL SYSTEM – FIRST QUARTER REPORT

FOR 2003

REQUEST

This RDCS Quarterly Report is presented to the Planning Commission, as required by Section 18.78.150 of the Municipal Code, to allow the Commission to review the progress of Residential Development Control System (RDCS) approved projects and if necessary, make recommendations to the City Council regarding the rescission of building allotments.

RECOMMENDATION

1) Staff recommends that the Planning Commission approve the RDCS Quarterly Report by minute action.

PROJECT ASSESSMENT

REPORT OBJECTIVES

The purposes of the RDCS Quarterly Report are to monitor the progress of projects approved under Measure "P", and where satisfactory progress is not being made, to take actions, which can result in the rescission and redistribution of building allotments to projects, which can be completed within required time frames.

PROGRESS OF PROJECTS

Measure "P" Projects

Entitlements Pending

The following project or project phases are classified as being BEHIND SCHEDULE:

McLaughlin-Jones (MP-00-03)

Church-South County Housing (MP-00-31)

Shafer-Bamdad (MP-01-07)

Berkshire-Singh (MP-00-01)

DeWitt-Marquez (MMP-02-02)

Construction Pending/Completed

Since the last report, RDCS Measure "P" projects have secured 52 additional building permits, and completed construction of 34 homes.

Projects Completed/Expired

The following projects or project phases have completed their Measure "P" units and will no longer be reported: Hale-Garcia (MP-98-32) FY 2000-01.

BUILDING ALLOTMENT DISTRIBUTION

In accordance with Section 18.78.030 of the Municipal Code and City Council policy, the Planning Commission is charged with the distribution of building allotments under the City's Residential Development Control System. Staff has included tables, which illustrate the availability and anticipated utilization of allotments from the "partially completed" set-aside category during the current and next two (2) fiscal years. The status of the "affordable" and "micro" set asides is also included.

PROJECTED POPULATION ESTIMATE

As of this quarterly report, the future projected population for the City of Morgan Hill will be 36,743. This figure includes California Department of Finance population estimates for January 1, 2002, plus dwelling units under construction and the build out of backlog Measure P units that have been allocated to date.

CONCLUSION/RECOMMENDATIONS

The Commission is asked to review the Quarterly Report and approve it by minute action.

Attachments:

- Tables Illustrating Progress of Projects
- Tables Illustrating Availability/Use of "Partially Completed", "Affordable", and "Micro" Set-aside Allotments.

MEASURE "P" PROJECTS - FISCAL YEAR 1994-95 ALLOTMENT

PROJECT & FILE #	ALLOCATION DATE	# OF UNITS	# OF BLD PERMITS	# OF UNITS	MOST RECENT ACTION/ENTITLEMENT	NEXT STEP/DEADLINE
			PULLED	FINALED	& DATE	
Villanova 1 (MP-93-08) San Pedro – Barton)	03/24/92	6	0	0	Summer '01–ELBA expired	02-01-02: Apply for "partially completed" allotments for 2004/05
TOTALS		6	0	0		

MEASURE "P" PROJECTS - FISCAL YEAR 1996-97 ALLOTMENT

PROJECT & FILE #	ALLOCATION DATE	# OF UNITS	# OF BLD PERMITS	# OF UNITS FINALED	MOST RECENT ACTION/ENTITLEMENT	NEXT STEP/DEADLINE
		03,220	PULLED		& DATE	
Shariel Park 2 (MP-93-13)	03/08/94	1	1	0	Fall '99-Finaled 2 units	Complete construction
Sandalwood 1 (MP-94-07)	01/24/95	1	0	0	Summer '01-"Partially completed" allotment expired	02/01/02: Apply for "partially completed" allotment for 2003/04
TOTALS		2	1	0		

MEASURE "P" PROJECTS - FISCAL YEAR 1999-2000 ALLOTMENT

PROJECT & FILE #	ALLOCATION DATE	# OF UNITS	# OF BLD PERMITS PULLED	# OF UNITS FINALED	MOST RECENT ACTION/ENTITLEMENT & DATE	NEXT STEP/DEADLINE
Coyote Ranch 4 (MP-96-24) (MP-97-25)	02/11/97	1	0	0	1Q/03-EOT Granted	6/30/05: Pull remaining custom permit and commence construction
Del Monte Estates (MP-97-17)	02/24/98	7	7	0	Spring '01–Pulled 7 permits	Complete construction
Spring Manor (MP-97-22)	02/24/98	6	6	4	1Q/03-Finaled 2 units	Complete construction
TOTALS		14	13	4		

MEASURE "P" PROJECTS - FISCAL YEAR 2000-2001 ALLOTMENT

PROJECT & FILE #	ALLOCATION	# OF	# OF BLD	# OF UNITS	MOST RECENT ACTION	NEXT STEP/DEADLINE
	DATE	UNITS	PERMITS	FINALED	ENTITLEMENT & DATE	
			PULLED		& DATE	
Del Monte Estates (MP-97-16)	02/24/98	6	6	0	Spring '01–Pulled 6	Complete construction
					permits	
Spring Manor (MP-97-22) & (MP-	02/24/98 &	10	10	6	1Q/03–Finaled 1 unit	Complete construction
98-17)	02/23/99					
E. Dunne – O'Connell (MP-98-24)	02/23/99	10	10	8	1Q/03–Finaled 1 unit	Complete construction
Hale – Garcia (MP-98-32)	02/23/99	30	30	30	1Q/03–Finaled 5 units	PROJECT COMPLETE
E. Dunne – First Community	04/27/99	24	24	0	Summer '02–Pulled 24	Complete construction
Housing (MP-98-35)					permits	-
TOTALS		80	80	44		

MEASURE "P" PROJECTS – FISCAL YEAR 2001-2002 ALLOTMENT

PROJECT & FILE#	ALLOCATION DATE	# OF UNITS	# OF BLD PERMITS PULLED	# OF UNITS FINALED	MOST RECENT ACTION/ENTITLEMENT & DATE	NEXT STEP/DEADLINE
Spring Manor (MP-98-17)	02/23/99	5	3	0	Summer '02-Pulled 1 permit	06/30/04: Pull remaining 2 custom permits
E. Dunne–O'Connell (MP-98-24)	02/23/99	5	1	0	1Q/03–Pulled 1 permit that had expired	06/30/03: Pull 2 expired permits, 2 remaining permits and commence construction
Hale – Garcia (MP-98-32) & (MP-99-12)	02/23/99 & 03/14/00	37	37	15	1Q/03–Finaled 12 units	Complete construction
E. Dunne – First Community Housing (MP-98-35)	04/27/99	38	38	0	Summer '02–Pulled 38 permits	Complete construction
E. Dunne–Trovare (MP-99-16)	03/14/00	19	19	11	1Q/03–Finaled 9 units	Complete construction
Cochrane – Coyote Estates (MP-00-22)	03/14/00	5	5	0	1Q/03-Pulled 5 permits	05/31/03: Commence Construction
Llagas – Delco (MP-99-24)	03-14-00	15	12	0	1Q/03-Pulled 12 permits, ELBA approved	11/01/03: Pull 3 building permits
Central–Central Park (MP-00-18)	3/14/00	3	3	1	1Q/03-Finaled 1 unit	Complete construction
Malaguerra-Ansuini (MP-99-26)	03-14-00	7	7	0	1Q/03- Pulled 7 permits	05/31/03: Commence construction
Hale – Sheng (MP-99-31)	03/14/00	7	0	0	1Q/03-ELBA approved, Final map in process	08/01/03: Pull building permits

				1	
TOTALS	141	125	27		

MEASURE "P" PROJECTS – FISCAL YEAR 2002-2003 ALLOTMENT

PROJECT & FILE #	ALLOCATION DATE	# OF UNITS	# OF BLD PERMITS PULLED	# OF UNITS FINALED	MOST RECENT ACTION/ENTITLEMENT & DATE	NEXT STEP/DEADLINE
Hale - Garcia (MP-99-12)	03/14/00	15	7	2	4Q/02-Finaled 2 units	06/30/03: Pull remaining building permits and commence construction
E. Dunne –Trovare (MP-99-16) & (MP-00-29)	03/14/00 & 02/27/01	20	18	0	1Q/03-Pulled 18 building permits	04/15/03: Pull remaining building permits
Llagas/Hale – Dividend (MP-99-24) & (MP-00-10)	03/14/00 & 02/27/01	24	0	0	1Q/03-ELBA approved	11/01/03: Pull 6 building permits
Malaguerra – Ansuini (MP-99-26)	03/14/00	6	0	0	1Q/03-ELBA granted, Final Map recorded	10/01/03: Pull building permits
Hale – Dividend (MP-99-31)	03/14/00	6	0	0	1Q/03-ELBA approved	08/01/03: Pull building permits
Central - Warmington (MP-00-12)	02/27/01	24	13	3	1Q/03-Finaled 3 units	04/15/03: Pull remaining building permits
Central – Central Park (MP-00-18)	02/27/01	10	10	0	4Q/02-Pulled 10 permits	Complete construction
Sunnyside – Sunny Oaks (MP-00-19)	02/27/01	12	7	0	4Q/02-Final Map recorded, pulled 7 permits	05/08/03: Pull remaining building permits
Cochrane – Mission Ranch (MP-00-21)	02/27/01	15	0	0	1Q/03-In building plan check, Final Map in process	05/08/03: Pull building permits
Cochrane – Coyote Estates (MP-00-22)	02/27/01	11	10	0	1Q/03-Pulled 10 permits	09/30/03: Pull remaining custom building permit 12/31/03: Commence construction
Church – South County Housing (MP-00-31)	09/25/01	36	0	0	Spring '02–Submitted SR & ZA	BEHIND SCHEDULE 04/01/03: Pull building permits
TOTALS		179	65	5		

1ST QUARTER REPORT FOR 2003 MARCH 31, 2003 PAGE -6

MEASURE "P' PROJECTS – FISCAL YEAR 2003-2004 ALLOTMENT

PROJECT & FILE #	ALLOCATION DATE	# OF UNITS	# OF BLD PERMITS	# OF UNITS FINALED	MOST RECENT ACTION/ENTITLEMENT	NEXT STEP/DEADLINE
	DATE	OTTI	PULLED	THVILLD	& DATE	
Hale – Dividend (MP-00-10)	02/27/01	7	0	0	4Q/02-ZA, DA,SD complete, Final Map in process	04-01-04: Pull building permits
Hale – Dividend (MP-01-05)	05/14/02	14	0	0	4Q/02- ZA, DA, SD complete, Final Map in process	04/01/04: Pull building permits
Central – Warmington (MP-00-12)	02/27/01	15	0	0	4Q/02-Site Review approved	04/15/04: Pull building permits
Central – Warmington (MP-01-09)	05/14/02	8	0	0	4Q/02-SD, DA, EA approved, Final Map in process	03/31/04: Pull building permits
Central – Central Park (MP-00-18)	02/27/01	5	0	0	4Q/02-Pulled 5 foundation permits	05/08/04: Pull building permits
Central – Central Park (MP-01-10)	05/14/02	8	0	0	4Q/02-Final Map in process	03-31-04: Pull building permits
Sunnyside – Sunny Oaks (MP-01-11)	02/27/01	12	0	0	4Q/02-Final Map recorded	03-31-04: Pull building permits
Sunnyside – Sunny Oaks (MP-00-19)	05/14/02	6	0	0	4Q/02-Final Map recorded, Planning approval complete	05/08/04: Pull building permits
Cochrane – Mission Ranch (MP-00-21)	02/27/01	9	0	0	Fall '01–DAA approved	05/08/04: Pull building permits
Cochrane – Mission Ranch (MP-01-03)	05/14/02	4	0	0	Summer '02–DAA approved	05/08/04: Pull building permits
E. Dunne–Trovare (MP-00-29)	02/27/01	13	0	0	Spring '02-ELBA granted	04/15/04:Pull building permits
Church – South CountyHousing (MP-00-31)	09/25/01	13	0	0	Fall '02–SR and ZA approved	04/01/04: Pull building permits
Hale – Garcia –(MP-01-04)	05/14/02	11	0	0	4Q/02-Final Map recorded	05/01/03: Pull building permits
Cochrane –Coyote (MP-01-02)	05/14/02	6	0	0	1Q/03–SD, DA in process, Final Map in process	05/01/03: Pull building permits
Schafer-Bamdad (MP-01-07)	05/14/02	7	0	0	1Q/03-DA, SD & ZA approved, SR in process	BEHIND SCHEDULE 03/15/03: Final Map submittal
E. Dunne – First Community Housing (MP-01-12)	5/14/02	18	0	0	4Q/02-DA approved	03/31/04: Pull building permits
TOTALS		156	0	0		

MEASURE "P" PROJECTS – FISCAL YEAR 2004-05 ALLOTMENT

PROJECT & FILE #	ALLOCATION	# OF	# OF BLD	# OF UNITS	MOST RECENT	NEXT STEP/DEADLINE
	DATE	UNITS	PERMITS	FINALED	ACTION/ENTITLEMENT	
			PULLED		& DATE	
Schafer-Bamdad (MP-01-07)	05/14/02	8	0	0	1Q/03-DA, ZA, SD approved, SR in process	BEHIND SCHEDULE 03/15/03: Final Map submittal
E. Dunne – First Community Housing (MP-01-12)	05/14/02	20	0	0	Summer '02–DA in process	04/01/05: Pull building permits
TOTALS		28	0	0		

MICRO MEASURE "P" PROJECTS

FISCAL YEAR 1999-2000

PROJECT & FILE #	ALLOCATION	# OF	# OF BLD	# OF UNITS	MOST RECENT	NEXT STEP/DEADLINE
	DATE	UNITS	PERMITS	FINALED	ACTION/ENTITLEMENT	
			PULLED		& DATE	
Christeph - Kosich (MP-99-04)	04/27/99	1	0	0	1Q/03, ELBA granted, SD	5/15/03: Submit Final Map
					in process, DA approved	
Berkshire – Singh (MP-00-01)	04/25/00	1	0	0	1Q/03-Final map in	BEHIND SCHEDULE
					process,	04/01/03: Pull building permit
					Building permits in process	
TOTALS		2	0	0		

FISCAL YEAR 2000-2001

PROJECT & FILE #	ALLOCATION	# OF	# OF BLD	# OF UNITS	MOST RECENT	NEXT STEP/DEADLINE
	DATE	UNITS	PERMITS	FINALED	ACTION/ENTITLEMENT	
			PULLED		& DATE	
Berkshire – Singh (MP-00-01)	04/25/00	3	0	0	1Q/03-Final map in	BEHIND SCHEDULE
					process,	04/01/03: Pull building permit
					Building permits in process	
E. Dunne - Grewal (MP-00-02)	04/25/00	1	0	0	1Q/03-ELBA approved	02/15/04: Pull building permits
McLaughlin – Jones (MP-00-03)	04/25/00	1	0	0	1Q/03-SD, DA, ZA in	BEHIND SCHEDULE
					process, applied for EOT	06/30/03: Pull building permits and
						commence construction
Nina Lane – Shaw (MP-00-05)	04/25/00	5	5	0	Summer '02–Pulled 5	Complete construction
· · · · · · · · · · · · · · · · · · ·					permits	_
TOTALS		10	5	0		

FISCAL YEAR 2001-2002

PROJECT & FILE #	ALLOCATION DATE	# OF UNITS	# OF BLD PERMITS PULLED	# OF UNITS FINALED	MOST RECENT ACTION/ENTITLEMENT & DATE	NEXT STEP/DEADLINE
E. Dunne –Grewal (MP-00-02) McLaughlin – Jones (MP-00-03)	4/25/00 4/25/00	3 4	0 0	0	1Q/03-ELBA approved 1Q/03-SD, DA, ZA in process, applied for EOT	02/15/04: Pull building permits BEHIND SCHEDULE 06/30/03: Pull building permits and commence construction
TOTALS		7	0	0		

FISCAL YEAR 2003-2004

PROJECT & FILE #	ALLOCATION	# OF	# OF BLD	# OF UNITS	MOST RECENT	NEXT STEP/DEADLINE
	DATE	UNITS	PERMITS	FINALED	ACTION/ENTITLEMENT	
			PULLED		& DATE	
Nina Lane – Chen (MMP-02-01)	05/14/02	5	0	0	4Q/02- ZA/DA/SR	06/30/04: Commence Construction
					applications in process	
De Witt – Marquez (MMP-02-02)	05/14/02	2	0	0	4Q/02-SR,SD,DA,EA &	BEHIND SCHEDULE
					SR in process, DA to be	02/01/03: Final Map submittal
					processed first	_
TOTALS		7	0	0		

FISCAL YEAR 2004-2005

PROJECT & FILE #	ALLOCATION DATE	# OF UNITS	# OF BLD PERMITS PULLED	# OF UNITS FINALED	MOST RECENT ACTION/ENTITLEMENT & DATE	NEXT STEP/DEADLINE
De Witt – Marquez (MMP-02-02)	05/14/02	2	0	0	4Q/02- ZA/DA/SR applications in process	BEHIND SCHEDULE 02/01/03: Final Map submittal
TOTALS		2	0	0		

GRAND TOTALS FOR ALL "P" PROJECTS 634 289 80 (Pre 1990 through 2004-05)					
	CRAND TOTALS FOR ALL "P" PROJECTS		280	80	i
(Pre 1990 through 2004-05)	GRAND TOTALS FOR ALL T TROJECTS	034	209	80	Í
	(Pre 1990 through 2004-05)				İ

Note: For calendar year 2003 YTD (including non-RDCS projects), permits for 55 units were pulled, 4 permits for secondary units were pulled, 34 units were finaled, and 2 units were demolished.

PARTIALLY COMPLETED SETASIDE STATUS

Allotment Setaside	Total #	Allocated	Remaining
FY 2002-03	0	0	0
FY 2003-04	1	0	1
FY 2004-05	<u>6</u>	<u>0</u>	<u>6</u>
	7	0	7

AFFORDABLE SETASIDE STATUS

Allotment Setaside	Total #	Allocated	Remaining
FY 2002-03	36	36	0
FY 2003-04	31	31	0
FY 2004-05	<u>32</u>	<u>20</u>	<u>12</u>
	99	87	12

MICRO SETASIDE STATUS

Allotment Setaside	<u>Total #</u>	Allocated	Remaining
FY 2002-03	0	0	0
FY 2003-04	7	7	0
FY 2004-05	<u>6</u>	<u>2</u>	<u>4</u>
	13	9	4



2002 ANNUAL CONSUMER CONFIDENCE REPORT REGARDING WATER QUALITY

RECOMMENDED ACTION(S): An informational item only.

EXECUTIVE SUMMARY: Every year, the California State Department of Health Services requires the City of Morgan Hill to prepare and distribute to every water customer an annual Consumer Confidence Report providing information on the water quality supplied to the community. Attached for Council Information is the 2002 report.

Agenda Item #16
Prepared By:
Utility Systems Manager
Approved By:
Department Director
Submitted By:

City Manager

The City of Morgan Hill is regulated by the California State Department of Health Services (DOHS), Office of Drinking Water. DOHS has developed Primary and Secondary Standards called Maximum Contaminant Levels (MCL's) to insure the protection of public health from contamination in domestic water supplies. Primary Standards are established for potentially harmful substances and Secondary Standards deal with the aesthetic qualities of the water that includes odor, taste, and color. The city has also tested for more than 60 other unregulated substances. The city is pleased to report that all tests for 2002 were below the state determined MCL's. Perchlorate samples just above the action level at Tennant Well are not considered violations because it is an unregulated chemical at this time.

All testing of water from the City water system is performed by a state-certified independent laboratory. Tests are performed both at the wellhead of the City's 13 deep water wells to check the quality of the source water and throughout the distribution system. The cost of water testing during 2002 was approximately \$60,000.

FISCAL IMPACT: The cost of preparing, printing, and mailing the 2002 water quality report has been reduced again this year by incorporating the document in City Visions and the approximate cost is \$1,700. Sufficient funds are currently budgeted for this expenditure in our Water Operations budget.

AGENDA ITEM#__17

Submitted for Approval: May 21, 2003

CITY OF MORGAN HILL SPECIAL CITY COUNCIL MEETING MINUTES – APRIL 30, 2003

CALL TO ORDER

Mayor Kennedy called the special meeting to order at 5:00 p.m.

ROLL CALL ATTENDANCE

Present: Council Members Carr, Chang, Sellers, Tate, and Mayor Kennedy

DECLARATION OF POSTING OF AGENDA

City Clerk Torrez certified that the meeting's agenda was duly noticed and posted in accordance with Government Code 54954.2

Action: The City Council **deferred** the closed session item to the conclusion of the Special

City Council and Special Redevelopment Agency Joint Meeting Agenda.

CLOSED SESSION:

City Attorney Leichter announced the following closed session:

1.

CONFERENCE WITH LABOR NEGOTIATOR:

Authority: Government Code Section 54957.6

Agency Negotiators: Ed Tewes, City Manager; Helene L. Leichter, City Attorney; Mary Kaye

Fisher, Human Resources Director

Employee Organization: AFSCME Local 101

Morgan Hill Community Service Officers Association

Morgan Hill Police Officers Association

Unrepresented Employees: Custodian/Building Maintenance Worker

Government Access Technician Maintenance Worker Assistant Utility Worker Assistant

Executive Management Group 1-A

Chief of Police

Director of Business Assistance & Housing Services

Director of Community Development

Director of Finance

Director of Public Works/City Engineer

Human Resources Director

Recreation and Community Services Manager

Assistant to the city Manager

Council Services and Records Manager

Middle Management Group 1-B

Police Captain

Deputy Director of Public Works

Assistant City Attorney

Assistant Director of Finance

Chief Building Official

Human Resources Supervisor

Planning Manager

Senior Civil Engineer

Budget Manager

Business Assistance and Housing Services Manager

Police Support Services Supervisor

Senior Planner

Project Manager

Utility Systems Manager

Recreation Supervisor

Secretary to the City Manager

Confidential Non-Exempt Employees Group 1-C Administrative Analyst

Secretary to the City Attorney Accounting Technician

OPPORTUNITY FOR PUBLIC COMMENT

Mayor Kennedy opened the closed session to public comment. No comments were offered.

ADJOURN TO CLOSED SESSION

Mayor Kennedy adjourned the meeting to closed session at 10:35 p.m.

RECONVENE

Mayor Kennedy reconvened the meeting at 11:09 p.m.

CLOSED SESSION ANNOUNCEMENT

City Attorney Leichter announced that there was no reportable action taken in closed session.

FUTURE COUNCIL-INITIATED AGENDA ITEMS

None.

ADJOURNMENT

There being no further business, Mayor Kennedy adjourned the meeting at 11:10 p.m.

MINUTES RECORDED AND PREPARED BY

Submitted for Approval: May 21, 2003

CITY OF MORGAN HILL JOINT SPECIAL CITY COUNCIL AND SPECIAL REDEVELOPMENT AGENCY MEETING MINUTES – APRIL 30, 2003

CALL TO ORDER

Mayor/Chairperson Kennedy called the meeting to order at 5:00 p.m.

ROLL CALL ATTENDANCE

Present: Council/Agency Members Carr, Chang, Sellers, Tate, and Mayor/Chairperson

Kennedy

DECLARATION OF POSTING OF AGENDA

City Clerk/Agenda Secretary Torrez certified that the meeting's agenda was duly noticed and posted in accordance with Government Code 54954.2

City Council Action

OTHER BUSINESS:

1. LIBRARY AND PARKS AND RECREATION COMMISSION INTERVIEWS

Council Services and Records Manager Torrez presented the staff report.

The City Council concluded their interviews of applicants wishing to serve on the Library and Parks & Recreation Commission and ranked each respective applicant.

Action: On a motion by Council Member Sellers and seconded by Mayor Pro Tempore

Chang, the City Council unanimously (5-0), <u>Ratified the Mayor's appointment</u> of the following four individuals to the Library Commission to serve terms expiring April 1,

2005: Jeanne Gregg, George Nale, Ruth Phebus, and Kathleen Stanaway.

Action: On a motion by Council Member Sellers and seconded by Mayor Pro Tempore

Chang, the City Council unanimously (5-0), <u>Ratified the Mayor's appointment</u> of the following three individuals to the Parks and Recreation Commission to serve terms

expiring April 1, 2005: Laura Hagiperos, Rick Page, and Craig van Keulen.

Council Member Tate stated that he supported all incumbent commissioners because both the Library and Parks & Recreation Commissions are implementing respective plans. He stated that every candidate for both bodies were absolutely outstanding. He could not replace existing commissioners because they were doing an excellent job. It is his hope that the individuals that applied for the Parks & Recreation Commission who were not appointed continue to keep the City in mind.

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Mayor Kennedy felt that it made sense to expand the Library Commission to take advantage of all of the talent and the work that has been done.

In response to Mayor Kennedy's question, City Manager Tewes stated that it would result in more staff time to support additional commissioners. However, this should not be considered a reason to not expand the commission. He noted that at the goal setting session, the Council asked staff to prepare a workshop on cultural arts/arts program. He felt that in the back of many individuals' minds there was thought of assigning responsibilities to an arts commission or an arts 501c3 non profit corporation.

Council Member Sellers stated that there are several subcommittees that are currently addressing the aquatics complex and the indoor recreation center. He felt that the creation of other commissions was an alternative he would like to actively consider appointing these applicants to. He noted that the Council discussed having community members on the indoor recreation subcommittee. He agreed that the Council should keep continuity when you have good members serving on commissions. He stated that appointments never gets easier as the City continues to receive outstanding applicants and that it was incumbent upon the Council to utilize these applicants.

Mayor Kennedy supported the idea of appointing some of these individuals to work on the Library Building or the Indoor Recreation Center Subcommittees.

Council Member Sellers recommended that the Council allow the indoor recreation center subcommittee to get underway and then allow the Parks & Recreation Commission to appoint versus adding additional members to the Commission.

SILENT INVOCATION

PLEDGE OF ALLEGIANCE

PUBLIC COMMENT

Mayor/Chairperson Kennedy opened the floor to comments for items not appearing on this evening's agenda. No comments were offered.

City Council and Redevelopment Agency Action

Action: It was the consensus of the City Council to consider agenda item 7 at this time.

7. REQUEST TO CO-SPONSOR A "SUPPORT OUR TROOPS" EVENT AT THE COMMUNITY AND CULTURAL CENTER AMPHITHEATER

Mayor Kennedy indicated that he has received a request from Roger Salstrom for the City Council to co-sponsor a "Support Our Troops" event at the Community and Cultural Center Amphitheater.

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Mayor Kennedy opened the floor to public comment.

Roger Salstrom stated that he would like to conduct a "Support Our Troops" community event, recognizing all military personnel. He indicated that this would be an hour event to be held at the Community and Cultural Center with the City picking up all of the costs relating to this event. In response to Council Member Tate's questions, he indicated that Eddie Bower annually conducts a Memorial Day event at 9:00 a.m. He said that he would like to speak with Mr. Bower in order to coordinate both events.

Council Member Tate inquired why the City would want to hold multiple events on the same day.

Mr. Salstrom stated that he sees these two events as being entirely different.

Mayor Kennedy indicated that the Memorial Day event sponsored by Mr. Bowers is more a recognition of veterans who have lost their lives in previous wars. He noted that Mr. Salstrom's proposed event is in support of those individuals currently serving in the military.

Mayor Pro Tempore Chang inquired as to the possibility of Mr. Salstrom and Mr. Bowers working together to conduct the event at the Community and Cultural Center or at the Memorial Square?

Mr. Salstrom felt that it would be possible to combine the events but that he has not spoken with Mr. Bowers about the event.

Council Member Tate stated that one advantage to tying the events together is having people attend one combined event versus choosing one event over the other.

Mr. Salstrom stated that he did not want to be in competition of a different function nor take away from the Memorial Day event.

Council Member Carr felt that it was a great idea to recognize the military troops. If there is a concern about conflicting with the Memorial Day recognition that takes place in the downtown, there may be another date that might be suitable for the Support Our Troops event. He confirmed that Mr. Bowers performs a recognition of veterans who have lost their lives on Memorial Day. He felt that it was important to remember the reason for Memorial Day. He expressed concern with the precedent that would be set should the Council sponsor events at the Community Center that could be sponsored at other venues. He noted that the Council received a report not too long ago that the City was way off target on the revenue side of the Community Center, noting that he raised this concern in the past. He acknowledged that the outdoor amphitheater is not a big expense or a dollar generating facility but that the Council would be setting a precedent by becoming co-sponsors to events. He noted that the September 11 recognition event was held at the civic center plaza and that it was a wonderful venue for this event. He felt that the Support the Troops rally could be done very nicely at the civic center, avoiding sponsoring an event at the community center and setting a precedent. He recommended that the Council think this through before moving forward.

Mr. Salstrom stated that any location to hold the event would be acceptable and felt that it was the event itself that was important.

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Council Member Carr agreed that the City should be a co-sponsor of the event and that the City should help organize and put the event together but that it was the venue that was of concern.

Mayor Kennedy recommended that the Council agree to be a co-sponsor to the event but requested that Mr. Salstrom coordinate the details, time and place of the event with Mr. Bower.

Council Member Sellers felt that the concept was sound but that there were a lot of details that need to be made clear, noting that the Council is still working through the details associated with the use of the Community and Cultural Center. He stated that he was in support of the concept but recommended that the details be worked out to make sure that there are no conflicts.

Mayor Kennedy stated that the event could be held at the Community and Cultural Center but that the details need to be worked out, working with City staff. He indicated that he would work with Mr. Salstrom as well.

Mayor Pro Tempore Chang stated that she supported the thought of holding this event at the Community and Cultural Center as it would be a shorter walk if the event is to be connected with the Memorial Day event. She felt that it would be appropriate to hold an event such as this at that the Community and Cultural Center.

<u>Action</u>: Council Member Carr made a motion, seconded by Council Member Sellers <u>to co-sponsor</u> the event.

Council Member Tate stated that he needs more details on where the event will be held as well as other information. Therefore, he would not be able to support the motion at this time.

Council Member Sellers stated that the Council is approving the concept of being a co-sponsor and that Mr. Salstrom will return with a plan; talking with Mr. Bowers and working with Recreation staff.

Council Member Carr recommended that this item be continued until the details are worked out.

Action: Council Members Carr and Sellers withdrew their motion.

Mayor Pro Tempore Chang stated that she would agree to work with Mr. Salstrom on this event.

Action: On a motion by Council Member Tate and seconded by Council Member Sellers, the City Council unanimously (5-0) continued this item to May 7, 2003.

City Council and Redevelopment Agency Action

CONSENT CALENDAR:

Council/Agency Member Carr requested that item 3 be removed from the Consent Calendar.

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3. <u>SPECIAL AND REGULAR CITY COUNCIL AND SPECIAL REDEVELOPMENT AGENCY MEETING MINUTES OF APRIL 16, 2003</u>

Council/Agency Member Carr inquired as to the intent of the vote found on page 77 (page 21 of the minutes), noting that the minutes reflect a 4-1-1 vote.

Action: Or

On a motion by Council/Agency Member Sellers, and seconded by Council/Agency Member Tate, the Council/Agency Board unanimously (5-0) <u>Approved</u> Consent Calendar Item 3, correcting the vote located on page 77 to read "3-1-1."

City Council Action

CONSENT CALENDAR:

<u>Action:</u> On a motion by Council Member Sellers and seconded by Council Member Tate, the City Council unanimously (5-0), **Approved** Consent Item 4, as follows:

4. SPECIAL CITY COUNCIL MEETING MINUTES OF APRIL 23, 2003 Action: Approved the minutes as written.

City Council and Redevelopment Agency Action

WORKSHOP

2. DRAFT COMPREHENSIVE HOUSING STRATEGY

Director of Business Assistance and Housing Services Toy presented the staff report. He indicated that Libby Seifel and Tammy Chuang, Seifel Consulting, would be helping to facilitate the workshop this evening. He requested that the Council identify priorities in terms of the programs being recommended and the allocation in terms of funding/income groups.

Ms. Seifel presented an overview of the housing strategy summary, income target, resource allocation (\$20 million), program recommendations, other recommended actions, opportunity sites (time permitting) and the next steps. She stated that she is recommending a 40% very low, 30% low and 30% moderate split, increasing the amount that would be spent on moderate income housing, and decreasing the amount spent on very low income housing in proportion to units. Also, being recommended is keeping the low units in approximately the same range. She requested Council/Agency comments on the housing distribution funding recommendation. She identified the resource allocation by the nine programs being described: 1) Affordable new ownership housing construction, 2) homeownership assistance for new or existing housing, 3) special needs housing, 4) rehabilitation, new rental housing construction, 5) 6) development/downtown affordable housing development, 7) land banking and site assembly, 8) affordable housing preservation, and 9) self help affordable homeownership.

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1. Affordable new ownership housing construction

Agency/Council Member Sellers stated that in 1999-2001 there were 1.5 times as many above moderate units as there were moderate or below units. He felt that the City would be looking at almost a reversal with 140% of below and moderate units as opposed to above moderate units in the next 40 years. He felt that this was a significant change in terms of the City's focus and in terms of the development community and what might be anticipated. He said that well over half of the units were above moderate in the last three years and would be well over half in the next four years. He said that in each of the nine categories, there are policy considerations to be made. He felt that there were some areas that would make sense to emphasis moderate units in other ways.

Ms. Seifel indicated that the report does not address the private production of moderate income housing. The report only addresses assisted units for both rental and for sale units. The report focused on the homeownership opportunities toward moderate because the subsidy is less on a per unit basis. However, the self help category is focused on very low income homeownership opportunities through sweat equity programs. She indicated that it is being recommended that the Council continue its below market program (BMR), to encourage higher density housing types that are less expensive in new single families such as townhomes or slightly higher density configurations for homeownerships; to pursue a variety of forms of assistance to encourage the production of additional affordable homeownership, and to aide developers in securing funding assistance for all programs. She recommended that 40 units be focused toward moderate income (80% moderate and 20% low). The projected local subsidy per unit varies depending on how large the units are, their cost, and how they are produced.

Mr. Toy recommended allocations for low or moderate units in some type of mix that would meet the City's need to address some low, and yet targeting affordable housing toward moderate units to maximize the City's funds. Another policy consideration is whether the Council wants to target specific groups and continue to target teachers, police officers, and public employees or open up affordable housing community wide. Does the Council want to continue to provide funding to the Santa Clara Housing Trust?

Agency/Council Member Sellers said that it is difficult to afford a moderate home even for those who earn a moderate income. He felt that there were a lot of creative housing developments being developed in the County and elsewhere of higher density units. This affords homeownership and provides a much smaller scale project without all of the amenities that everyone grew up with. It is his hope that the youth in the community would return to Morgan Hill 6-8 years from now and afford to purchase a home. He recommended that the City look at high density. He said that the City is proposing to assist teachers and public safety officers but did not know if this should be the focus and recommended that the City/Agency expand the project. Regarding the Housing Trust fund, it was his belief that the Housing Trust has returned dollars. It was his also his belief that based on population, the City of Morgan Hill has contributed more funding than any other city in the County. He did not know whether the City should continue to contribute to the Housing Trust Fund as there are limited dollars.

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Agency/Council Member Carr said that per capita, the City of Morgan Hill has invested the most in the Housing Trust Fund. He felt that the City of Morgan Hill was the only city that has some type of memorandum of understanding about these dollars returning to the community.

Executive Director/City Manager Tewes said that the City is using RDA dollars and that under Redevelopment Law; the City must show that the money is being used for projects within the project area.

Ms. Seifel requested that the Council advise whether the funding was too much or too little and whether the 80%/20% was the right split? She said that she would like specifics as she would like to finalize the numbers.

Council/Agency Member Sellers felt that rental assistance and a variety of other housing products to be discussed later would make a lot of sense. He suggested a 75%/25% split but not much more.

Agency/Council Member Carr said that it was difficult for him to state that the percentage should be 80%/20%. He felt that this was the right direction to maximize the way the City leverages its dollars. He felt that the City should address moderate income house ownership. He supported the encouragement of higher density housing types to be able bring the cost per unit down. He felt that these were the types of units that the City encourages to first time home buyers. He said that individuals in a smaller unit in a high density area would not be living in said unit for 30 years. He recommended that the Council start looking and providing affordable units for the next generation. He felt that the recommendation was appropriate. He referred to attachment B that states that there are approximately 40 units that this allocation would fund. He would like to see this number increased over a 5-6 year period of allocation, adjusting the percentages to maximize this number.

Agency/Council Member Sellers felt that there were more opportunities for the City to partner with others and new programs to provide first time homebuyers/new ownership housing than has been available in the past. He recommended that this area be reconsidered and investigated to see what can be done. He felt that lenders are starting to realize that individuals cannot afford large down payments and are now lowering the down payments. He would like to see the City pursue these issues.

Agency Member/Council Member Tate felt that the City needs to keep the teacher/public safety priority until such time that the City has made a significant contribution in terms of housing.

Agency/Council Sellers felt that there was a need across the community for affordable housing and that the City cannot afford to ignore the majority of the community.

Agency/Council Member Tate sees the Housing Trust Fund as purely a leverage issue. The City could make an investment if it appears that the City will receive an attractive return.

<u>Action</u>:

It was the consensus of the Council that the Housing Strategy is close to the income target; if possible, increase the number of units and bring down the level of subsidy per unit by encouraging higher density housing; and keeping some priorities for public employees but that there is a need that is broader than this; and that the City

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would continue its investment in the Housing Trust fund it if will give a return to the community (leverage).

Mr. Toy reviewed key policy issues as they relate to the BMR program and inquired whether the Council/Agency wants to continue on this path. He indicated that the City has a priority system as follows: A) Morgan Hill Resident for 12 months; B) employed in Morgan Hill; and C) resident of the County.

Council/Agency Member Sellers inquired if there was a legal requirement to allow county residents to apply for BMR units when there is an extensive waiting list for the BMR units.

Mr. Toy indicated that the City's "A" list of low income category has a waiting list of 75 and an interest list of 200+. The B waiting list has 20-30 individuals and 10-20 individuals on the interest list. He said that five years ago there was only a \$25,000 difference between the City's moderate price and the market rate price. Now, there is a huge difference with the City's moderate price being \$300,000 with the similar units being sold at \$450,000 (market rate). He indicated that the City does not have moderate income homes available and is only seeing re-sales. He said that the City may receive 1 moderate resale unit every year or two. There have been some modifications to Measure P and that the City may see some market rate moderate units built.

Director of Community Development Bischoff informed the Council/Agency that the City recently made changes to Measure P and grants points to medium income BMR units. He felt that within the next few years, the City will start to see some additional medium income BMR units.

Council/Agency Member Sellers said that his concern about Measure P is that the City is not increasing the total number of units for moderate, low and very low units. He felt that the City would see bigger, nicer units. He stated that should the number of moderate BMR units goes up, the gap grows.

<u>Action</u>: It was the consensus of the Council/Agency <u>to drop</u> County residents (category C) off the priority list because it leads to false expectations.

Mr. Toy indicated that there are approximately 75 individuals on the waiting list and over 200 individuals on the interest list for the low income BMR units, indicating that there are approximately 20 units available each year. This would result in a 10-year waiting period. He inquired whether the City should close the interest list until there are turnovers. He clarified that the waiting list does move but that it takes a while.

<u>Action</u>: It was the consensus of the Council/Agency <u>to keep</u> the interest list.

Mr. Toy said that the Planning Commission wants to know if the City should modify the resale mechanism to allow families who outgrow a BMR unit to take more equity with them to buy into another unit. This would turn the BMR unit over to another first time homebuyer.

Chairman/Mayor Kennedy said that it was his belief that the Agency would put additional money into the BMR unit versus raising the price of the unit.

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Agency/Council Member Sellers said that affordable units are not being made available because individuals cannot afford to move up. He felt that the City could find private assistance or other options to allow families to buy up without out of pocket assistance from the RDA.

Vice-chair/Mayor Pro Tempore Chang felt that the City has assisted families in terms of subsidizing housing units. Once the home is resold, the BMR value is increased to a higher value. This would result in a higher housing cost to the next first time home buyer. She felt that Council/Agency Member Sellers suggestion would result in subsidizing a family for a second time.

Council/Agency Member Sellers did not believe that the City could ignore the problem completely, otherwise, individuals who get into BMR units would never move up.

Chairman/Mayor Kennedy inquired as to the history of BMR turnovers and whether there was a dead end path that does not allow for enough appreciation to move up?

Mr. Toy said that the City gets approximately 5-10 resale units per year.

Vice-chair/Mayor Pro Tempore Chang said that for the past five years the City had a problem finding buyers for the moderate BMR units because the housing market was poor. At this time, the housing market has dropped and the differential is large. She felt that at some point, there will be a level where the gap will come closer only if the market comes down.

Action: It was the consensus of the Council/Agency to have this issue return for further discussion.

2. Homeownership assistance for new or existing housing

Vice-chair/Mayor Pro Tempore Chang recommended that there be target toward low income homeownership assistance.

Ms. Seifel clarified that the program would provide assistance to a homebuyer to purchase an existing home on the private market. This could theoretically be a new home that was recently built or could be an older home. It would be a private market home and would not be at a restricted sale price. The market price for existing homes in Morgan Hill tends to be \$400,000+ for a single family home. She indicated that the most a low income person could afford a home at a price of \$170,000-\$200,000. Therefore, there is a gap between \$200,000 and \$400,000.

Mayor Kennedy concurred that more assistance should go toward low income homeownership, such as the purchase of a condominium, duet or the use of a lower sales price.

Council/Agency Member Sellers felt that this would be a good goal but the gap is still too massive. He said that the problem is that it is hard dollars and one cannot afford to qualify for the loan. Therefore, down payment assistance would be necessary for these income levels.

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Council/Agency Member Carr stated that he would assume that the gap is even greater. If the ratio is changed, the 30 units would drop and the City would be helping fewer individuals. If the Council/Agency thinks about the entirety of the housing strategy and the recommendations, they are weighted toward low and very low. Before the City gets too concerned about the 80%/20% split on item 2 of 9 recommendations, he felt that the Council needs to work through the recommendations to see if the recommendations reach all different populations. He said that the issue of the balance between #1 and #2 reaches the same individuals and that with a homebuyer assistance program the leveraging is greater in terms of the dollars. He said that the balance would be between how much the City wants to do to support the construction of new affordable housing units and how much the City wants to help individuals purchase units. He felt that the City would be getting more bang for its dollars under this category but that the City also has to have products available. He felt that the Council/Agency should give thought about the mix between the two programs and what is the correct mix. He felt that both programs need to be pursued and that the Council/Agency needs to determine the correct ratio of the two programs to give the City the maximum leverage for the dollars.

3. Special Needs Housing

Ms. Seifel indicated that it is harder to leverage funds with small development and that it is not as efficient to build. If the City wants to attain HUD 202 funding, the federal program that subsidizes the elderly or senior housing, the City needs to have a 50-unit development to leverage these funds and make it efficient to manage the project. For housing targeted for single parents, to persons with special needs, or senior housing the City may want a small scaled housing project and not leverage HUD dollars. She felt that this would be a more expensive program per unit. Does the City want to focus on one priority project with a small number of units, focusing on a HUD 202 senior development, or does the City want to have less funding for this and have a smaller development that may not be as efficient or investigate other opportunities?

Council/Agency Member Sellers noted that it was stated that 7.5% of the community were seniors. He inquired whether this was small in terms of percentages seen.

Ms. Seifel said that nationally, the senior population tends to be between 10-15% and varies from city to city.

Council/Agency Member Sellers felt that with Measure P, it is virtually impossible to build a 50 unit housing project and would exceed the need. As much as senior housing is needed, he did not know how this could be accomplished. He felt that higher density, smaller units can be investigated.

<u>Action</u>: It was the consensus of the Council/Agency that there is to be less focus on this program, but still have some focus on senior housing.

Mr. Toy stated that the \$3.6 million allocated also includes any grant funding awarded by the Agency/Council (e.g., senior home repair program, CDBG programs, etc.).

Mayor/Chairman Kennedy noted that staff is recommending 18% for this category and inquired as to the reason.

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Ms. Seifel said that the Council/Agency had a combination of existing number of obligations and that this is a high subsidy per unit. She said that a certain size senior development would be necessary to make the project efficient and leverage funds.

Mr. Toy said that this number can be reduced in order to allocate funds to other categories.

4. Affordable New Rental Housing Construction

Ms. Seifel said that the City is focusing on very low and low income housing unit. She added a component for moderate income under this category because she was not sure whether some of this housing can occur in the downtown area. It was recommended that some subsidy be set aside for a higher density development. She was looking at \$3 million at approximately \$50,000 per unit to represent a mix of very low, low and moderate housing units. She said that you can leverage more dollars with very low income but that you would need subsidy dollars for moderate units.

Mr. Toy said that a policy consideration is whether the City wants to target assistance for specific groups. He informed the Council/Agency that there needs to be flexibility in the parking for Royal Court apartments in order to accommodate existing heritage oaks on site and yet provide an increase in density.

Council/Agency Member Sellers felt that parking credit should be given for parking along Monterey Road.

Council/Agency Member Carr said that in talking about an increase in density, he would like to see the 13 townhouses converted into 20-21 townhouses.

Council/Agency Member Tate stated that he needed to understand what the limitations were.

Ms. Seifel indicated that the Council/Agency would need to reserve the amount of funding recommended in order to assist the Royal Court apartment project.

Mr. Toy indicated that funding has been allocated for the Royal Court Apartments in this current year's budget. Therefore, funding does not come out of this number. Funding under this category would be for future project funding.

Mayor/Chairman Kennedy inquired whether the two recent housing projects, First Community Housing and Terracina housing projects moved the City closer to the City's needs.

Mr. Toy responded that staff would need to look closely at the numbers to see what was done in terms of projections and how well the needs were met. Overall, it has put the City closer but that the City has not met the overall needs per ABAG numbers.

5. Rehabilitation programs

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Ms. Seifel informed the Council/Agency that the focus of this program was to substantially rehabilitate and help individuals rehabilitate their homes and occupy homes through a non profit or individual program.

Mr. Toy inquired whether the Council/Agency would like to continue the single family rental rehabilitation program as well as the mobile home repair program. He discussed the 80 West Fifth Street and Morgan Hill Apartments. He indicated that staff contacted the property owners, offering grant monies to help them perform minor improvements as well landscape/cosmetic improvements. He informed the Council/Agency that the property owners have not responded to the offer of financial assistance from the City. He requested Council direction on how far to proceed with the 80 West Fifth Street and the Morgan Hill Apartments.

Council/Agency Member Carr Sellers recommended that focus be given to substantive improvements and not as much toward cosmetic improvements. He felt that focus should be on the needs of the residents to make sure that they receive basic fundamental services.

Mayor/Chairman Kennedy felt that staff needs to take these properties to the next level. He did not believe that an inquiry was enough. He did not know what the next level was but felt that more needs to be done.

Mr. Toy indicated that staff has met with the property owners and that in some instances; they do not return staff's phone calls.

Mayor/Chairman Kennedy recommended that the Council/Agency discuss this issue in closed session. He felt that the issue was a lot deeper than the appearance.

Council/Agency Member Sellers said that these units and other places in town are areas where a variety of crimes and other issues take place.

Mayor Pro Tempore/Vice-chairman Chang inquired whether funds could be combined or increased under sections 4 and 5 (Affordable New Rental Housing Construction/Rehabilitation programs).

Council/Agency Member Carr felt that there needs to be some flexibility in funding.

Mayor/Chairman Kennedy supported maintaining the funding at the recommended levels of the rehabilitation breakdown presented.

6. Transit Orientation Development/Downtown Affordable Housing Development

Ms. Seifel stated that the idea of this category was to build on the downtown study recently completed and the transit efforts the City is trying to pursue and to provide some assistance to a larger development in the downtown versus smaller infill projects. She said that it was important to note that the Council/Agency could target any of the other programs toward development in the downtown (e.g., senior development). However, in talking with staff, it was felt that it was important for the downtown to have its own program. She said that it was the thought to potentially encourage mixed income housing, including market income housing.

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Mayor/Chairman Kennedy inquired whether these funds could be used to acquire some run down commercial buildings in the downtown and convert them to mixed use associated with housing.

Mr. Toy responded that these funds could be used toward the acquisition of buildings and to convert them into a mixed use project. However, he would have to look at the mix as the City needs to make sure that the affordable housing requirements are met. He clarified that funds could only be used for the residential portion of the mixed use.

Council/Agency Member Sellers said that there were questions regarding Measure P. He felt that the Council should set aside Measure P units for the downtown area. He felt that there were a variety of ways to develop incentives for development of housing units in the downtown area.

Council/Agency Member Tate stated that the Measure P update is mandating a downtown set aside for 2006 through 2010, encouraging more units in years thereafter.

Council/Agency Member Carr felt that there will be a lot of opportunities for smaller infill projects. He understood the cost would be greater to make a project pencil in the downtown. By having this bullet, he was afraid that the City would create more holes in the downtown.

Council/Agency Member Sellers said that it was his belief that the private sector could deal with the small, individual vacant lots. He felt that this was an issue that needs to be monitored.

Mayor/Chairman Kennedy concurred with Council/Agency Member Carr that he could see some small locations benefiting from these funds.

Council/Agency Member Sellers recommended that the Council create the market conditions and provide disincentives for keeping lots vacant.

Council/Agency Member Carr felt that the definition of smaller and larger projects is important in this case. If the Council/Agency is talking about mixed use, the Council/Agency discussed size restrictions in the downtown update plan. If a project does not fall within this, the City may be creating two circumstances that will not match up. This would result in the City not being able to use housing dollars to help these types of projects. He recommended that the Council/Agency makes sure that these issues match in all accounts.

7. <u>Landbanking and Site Assembly</u>

Ms. Seifel inquired whether the Council/Agency wants to put more money into land or produce housing as \$1 million would not go a long way toward landbanking.

Council/Agency Member Sellers stated that he would prefer putting more money toward housing and being creative. He felt that a suggestion was offered in the program option but felt that there may be a variety of other ways to leverage this money to maximize the funds such as partnering with private partners.

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Council/Agency Member Carr recommended that the City look at other public agencies in the land that they hold. He felt that there may be changes at the County level as to whether they would be charging fair market values for housing opportunity sites that used to be plan lines for other projects. He felt that there may be opportunities to partner with other public agencies.

Mayor/Chairman Kennedy said that the PG&E property located on West Main Avenue appears to be used as storage for trucks, and a corporation yard in the middle of a residential community. He requested that staff look into acquiring this piece of land for housing purposes.

8. Affordable Housing Preservation

Ms. Seifel indicated that this is a program that was emphasized and discussed. She inquired whether the City wants to continue to extend affordability restrictions or purchase the BMR units. Also, there are some at risk rental units and there are mobile home park preservation issues.

Mayor/Chairman Kennedy recommended that the City try to acquire the Crest Avenue four-plex, leveraging with South County or another entity.

9. <u>Self-Help Affordable Homeownership</u>

Ms. Seifel indicated that this issue was discussed in December 2002 and that there was testimony on this particular issue. Habitat for the Humanity, South County Housing, and California Self Help Housing Program identified their self help programs. She felt that there was some sense that the Council/Agency may want to increase this program. However, there has to be recognition that there is only so much that the non profit organizations can produce each year. This program is targeted toward very low income because this is where these programs are typically targeted and provide sweat equity opportunities to enable very low income households to afford to purchase a home.

Council/Agency Member Carr felt that this was an area that could be considered in combination with landbanking and site assembly where the dollars could be used more effectively. He felt that consideration should be given to the flexibility of combining some of these efforts.

Ms. Seifel summarized that she heard that the Council/Agency is stating that there should not be major changes made to a lot of the programs but to make some refinements along the way, maintaining flexibility with all programs. She said that what has been presented are guidelines and that the Council/Agency would be making decisions.

Mayor/Chairman Kennedy felt that it was important to note that these are guidelines and that staff should not take them as cast in concrete. If there is something that makes sense, staff should pursue it.

10. Other Recommended Actions

Ms. Seifel requested that the Council/Agency identify which programs were near and long term priorities for the nine programs (which program should be focused on first), noting that all nine

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programs cannot be fully funded over the next few years. She requested that 3 to 4 programs be identified as being higher in priority.

Mayor/Chairman Kennedy stated that the downtown is a very high priority for him. Also, the affordable new ownership and homeownership assistance is very high in terms of priority.

Council/Agency Member Sellers felt that landbanking, self help and some rehabilitation programs can wait but that the downtown was important.

Council/Agency Member Carr noted that rehabilitation is an on going program and that there was no point in stalling an ongoing program. He felt that homeownership assistance is program-based and that affordable new ownership housing construction and the downtown affordable housing development are both high priority but would be dictated by Measure P.

Mayor Pro Tempore/Agency Member Chang stated that the rehabs would be discussed in closed session and that they were important to her.

Ms. Seifel summarized that the Council has identified the following priorities: affordable new ownership housing, homeownership assistance, rehabilitation, and transient oriented development/downtown affordable housing development.

Council/Agency Member Sellers felt that it was premature to consider amending the RDA plan at this point in time but felt that it was an issue that would continue to be discussed. He felt that the City needs to implement zoning modifications to address a lot of these issues, particularly, the downtown plan and RPDs in order to provide affordable housing projects. He felt that there were different approaches and different ways that affordable housing needs could be thought about. It was his belief that sometimes Measure P places affordable housing in boxes and that the City does not end up with the best affordable housing or maximizing leverages that the City might have.

Mayor/Chairman Kennedy expressed concern that the City may want to extend the RDA plan for special projects and not rule this out as an option.

Council/Agency Member Tate stated that he has a desire to keep the RDA plan in the context of what Council/Agency Member Carr has asked for in terms of prioritization.

Ms. Seifel said that a point to be made is that the City will be reaching its RDA cap. When the City reaches its cap, it will not have any more housing dollars. This discussion is about all of the housing dollars the City will have if the City does not amend the RDA plan, thus the reason that this recommendation came out. She felt that the City needs to consider an RDA Plan amendment at some point because the City will still need affordable housing.

Mayor/Chairman Kennedy noted that an RDA plan extension is a long process and that the City cannot wait to the last minute to move forward with an extension. He felt that there will be a time that the City will need to start this process.

Action: The Council **offered** the above comments.

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Action: It was the consensus of the Council/Agency to **consider** agenda item 6 at this time.

City Council Action

OTHER BUSINESS

6. <u>ZONING AMENDMENT APPLICATION, ZA-02-18:COCHRANE – IN-N-OUT BURGER/APPLEBEE'S</u>

Director of Community Development Bischoff presented the staff report.

Mayor Kennedy opened the floor to public comment.

Cynthia Cyber, Morgan Hill resident, said that there is a Morgan Hill population of 34,000 and that she would like to think that citizens have some say as to what comes into town and the choices provided. In what she has read in the newspaper, she did not believe that she was getting the whole story. She felt that there was a bit of an attitude and that there was an underlying agenda going on as to the opposition of In-N-Out going in on Cochrane Road. She felt that Cochrane, Dunne, and Tennant should be addressed as gateways. It was also her belief that Monterey Road was a gateway into Morgan Hill. She felt that citizens of Morgan Hill would like an In-N-Out Burgers in town. She did not believe that the City would find another burger business that would be more aesthetically pleasing than In-N-Out Burgers. She stated that she would like to have a choice. If there were any questions, problems, or concerns, she recommended that the use be put to the vote of the citizens. As an alternative, the City could place a drawing in the Morgan Hill Times asking citizens for their opinion on the establishment locating in Morgan Hill.

Mark Mekiss, 1885 Silverwings Court, indicated that he is the director of research and development at Abbott Laboratories. He stated that as an employer in the area, he brings a lot of out of town guests into the community, housing guests at the Marriott's. He said that the City could use some more sit down restaurants. He felt that the In-N-Out Burger proposal would be a good asset and would be a good benefit for his company and the people that Abbot Labs takes out to eat. He felt that one sit down restaurant was better than none. He would prefer to wait for two different sit down restaurants to choose from.

Mr. Volley, In-N-Out Burgers' representative, stated that he had the opportunity to meet with Mayor Pro Tempore Chang and Council Member Tate along with Mr. Bischoff. He felt that the meetings were very good and that misconceptions were dispelled and that clarifications were in order. He brought renderings of In-N-Out Burgers and Applebee's, indicating that Applebee's would conform to the design of the In-N-Out Burgers. He addressed the landscaping in the Caltrans right of way, indicating that the project would provide a variety of landscaping and would be lush, including berming of up to four feet in elevation. He said that shrubs would be planted on top of the berming with a total height of up to six feet thereby shielding any cars that are nearby the parking lot. He noted that the landscape plan for the site depicts four foot high berming in front in the Caltrans area and also shows the different species of shrubs and trees to be used. He said that one of the members

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of the ARB noticed that he proposed numerous 24-inch boxed trees and recommended that one or two be removed because they were spaced too close together and would infringe upon the growth of each one. This was the reason he removed a few of the trees. Another comment was that he was not providing 50% of the landscaping in the perimeter of the In-N-Out Burgers' building as required by the City. It was his understanding that this landscape requirement was offset by decorative paving. However, in meeting with the City Council, In-N-Out Burgers has agreed to include landscape planters that go across the columns and minimum 24-inch potted plants.

Mr. Volley indicated that the architecture for the building has strong roof overhang so that the seating areas are underneath the columns. Therefore, he could not put any landscaping up against the perimeter of the building, noting that this is a shaded area. He hesitated to include landscaping because he wanted a clear path from the vehicles to the seating area on both sides, eliminating all obstacles. However, he would be willing to defer to the City to install additional landscaping in this area. He provided a rendering that depicts the berming and the parking lot. From the street elevation level, individuals would not be looking into a direct sea of cars. He addressed the location of the drive aisle, the entryway and the Caltran's area. He stated that the driveway was moved over 10 feet as an interim solution. He does not see any traffic problems associated with this interim solution until he receives Caltrans approval for the final solution to move the driveway over 10 feet. He stated that he would be willing to comply with the request of the City Council to mitigate anything that would happen if he was not able to obtain the Caltrans' encroachment permit. He referred to condition 9f that talks about the interim driveway required on Cochrane Road. The last sentence states that the necessity and timing for the installation of the interim access driveway shall be determined by the director of public works. He questioned the necessity for this condition because he would be required to comply with condition 9g if he was not allowed to proceed with the construction of the interim driveway.

Council/Agency Member Tate said that he recalled that the berming was not at 4-feet consistently.

Mr. Volley said that the berming tapers down to 3 feet on the other side of the entrance driveway and that it reflects what will be seen coming in from the intersection of the exit ramp and Cochrane and the first 200 feet as you are driving into the site from the exit ramp or from the freeway overpass, looking into the project for the first 100 feet. After this, it will only be a side angle view of someone who is in a car.

Council/Agency Member Sellers requested staff clarification of item 9f.

Mr. Bischoff stated that staff was in agreement with Mr. Volley with the intent of item 9f. The intent was that the interim driveway is to be installed if indeed the right of way from Caltrans cannot be obtained in a sufficient time. He did not believe that elimination of the last sentence would change the requirement.

No further comments were offered.

Mayor Pro Tempore/Vice-chair Chang noted that there was a possibility of 17 cars stacking in the drive thru area that may be viewed from the freeway, a gateway area. She stated that she was adamant of the 30-feet landscape setback requirement in major roadways, noting that this proposal

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has three feet of landscaping in some areas. She wanted to make sure that the Council is not bending the rules too much where that the Council was not able to enforce the requirements at a later date. She expressed concern with the 17-car stacking area. She wanted to know whether any berming or landscaping is proposed on the freeway side to screen the view of the vehicles stacking up in the drive thru area.

Mr. Volley indicated that the off ramp and the freeway are at a grade variation difference at almost 30-50 feet. Therefore, freeway traffic will not be able to view the stacking area and that vehicles coming off the freeway should be concentrating on the cars in front of them. He stated that there is already an existing 30-foot undulating landscape area installed in the Tharaldson PUD that includes berming, grass and trees. He indicated that the Caltrans property that goes down the hill is not landscaped.

Mayor Pro Tempore/Vice-chair Chang inquired as to the possibility of moving the Applebee's building further south, closer to Cochrane Road.

Mr. Volley said that he has heard clearly from Applebee's' that if the building is to be moved to the north, they would not be part of the development. Also, he does not want to move the building closer to Cochrane Road and block the visibility of the enhanced building that he has promised the City would be built. He felt that the parking circulation works well and that if the building is moved forward, then you have a problem with two rows of traffic not being able to circulate around the building. This would destroy the site plan.

Council/Agency Member Tate stated that he met with the applicant yesterday and that he had his eyes opened in a few areas in terms of the Applebee's design. He stated that he had three areas of concern carried over from the last Council meeting. Even though he agreed that two sit down restaurants are the most desirable uses to have in this vicinity, he convinced himself prior to last week's meeting that it was not feasible to have two sit down restaurants. He stated that he was willing to approve the In-N-Out Burgers but that he was not comfortable that the City was getting too far away from the General Plan and what use was wanted in this area as a gateway. He stated that he was not comfortable moving Applebee's further to the south but that he was told that Applebee's could not make it go as a business as individuals need to see that there are places to park. It was his opinion that it would be more attractive to customers and to the gateway if the building was pulled forward, but noted that this would not be done. He was distraught to hear that trees were going to be eliminated but that he understood that the trees would not be able to survive if they were installed too close. He was pleased to hear that this was the case versus eliminating the trees to make the use more visible. In understanding what the Council approved as part of the PUD, the Council had an obligation to enforce the site as a gateway for the General Plan. In going over the documentation provided, he was concerned about the guidelines that are given to individuals as to what the City wants. He referred to page 5 of the staff report to the Planning Commission. The staff report states that the In-N-Out building is not consistent with the Thoraldson PUD or the City-wide PUD standards (e.g., rooflines, flat rooflines, colors, roof material). The staff report continues to state that the ARB expressed a willingness to support deviations from the PUD/standards if it resulted in a superior building design. He felt that the report states that the City has guidelines that state how the guidelines are to be met and then the ARB states that the design proposed is better than the PUD guidelines. He expressed concern with this fact. He noted that the staff report further

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states that the ARB also expressed concern with the PUD design standards imposed on the restaurants and that they do not believe that the standards would achieve a higher quality design expected of the gateway location. As a result, the ARB requested the authority to deviate from the Thoraldson PUD guidelines and the City-wide standards where the deviations would result in a more desirable building design. He stated that this is the frustration that Mr. Volley has had in working through the process. When he appeared before the ARB, the Board told him that he was right that the PUD Guidelines did not work. He felt that the Council needs to clarify for the other gateway areas what the standards are so that they are consistent between what is written down and what the ARB believes is the right design.

Council Member Tate stated that he has spoken to many citizens in the community and that he has found that this is a very much a black or white issue. An individual is either for maintaining the gateway or supportive of the In-N-Out Burgers, noting that there are a lot of individuals who would like to see an In-N-Out Burgers. He understood the need and the benefit of having a variety of restaurants and that he did not believe that it would substantially increase revenues to the City from the In-N-Out Burgers but would move things around a little bit. However, the application would give the City one sit down restaurant and felt that this was a good start.

Mayor/Chairman Kennedy said that over the past week, many individuals have approached him requesting support for the In-N-Out Burgers and Applebee's/sit down restaurant. He said that often, when the City approaches good sit down restaurants or big box retailers, they always draw a map around Morgan Hill and state that the five-ten mile radius does not draw enough population and that when they draw the radius around Gilroy, it does. He has heard from one individual in the business community that if the City ever wants to get a sit down restaurant in the community, the City has to provide an incentive for the first sit down restaurant to come into the community. He felt that this was the opportunity to do so as In-N-Out Burgers would help foot the bill to make this work. He felt that there will be a lot of customers who will stop in the area for In-N-Out Burgers and would not be drawing significantly from other fast food restaurants. He supported the use for its attraction, it would provide some additional revenue, and would help to bring in a sit down restaurant. He strongly recommended that the Council move forward with this project.

Council Member Carr said that this has been a difficult and challenging issue for everyone. He said that he was able to remove the burger argument from the issue. He did not believe that this was an issue about who cooks a better burger or provides a better fast food service. He stated that this is a land use issue. Perhaps, what the Council is facing today is the economy, noting that the make up of the Council is different than when the PUD was put into place many years ago. He too would like to see two sit down restaurants because this is what Morgan Hill needs but that he did not know what the reality if this would be. He was struggling with the value of changing the PUD from what the Council at the time thought that the community needed and the value of changing it from two sit down restaurants to one sit down restaurant and a second restaurant with a drive through. He was pleased to hear that some of the landscape issues were clarified for his colleagues because he knew that this was an important issue. He has visited the site and drove the off ramp and confirmed that an individual is 30 feet below the line of cars and that there is existing landscaping. He felt that the stacking lane was well screened. Having a private entity take over the Caltrans property and landscape it would help improve the gateway to Morgan Hill. As a member of the General Plan Update Task Force, the Task Force spent a lot of time talking about gateways. He noted that the

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General Plan identifies six gateways into Morgan Hill. He understood that the Gateway states that no drive throughs are allowed in gateway areas. However, the more he gives this issue thought, he did not know now where else these businesses can go. He stated that he did not want to see drive through establishments in the downtown nor the Monterey corridor between Dunne and Tennant Avenues. He would support revisiting the gateway PUD guidelines because of the struggles the Council has experienced and the struggles it has had in the past and would have in the future with the at Tennant Avenue PUD. He felt that the City would be receiving value from the development being proposed. The value of increasing the landscaping and the value of increasing the traffic flow for the entire site would be the benefit of trading off the PUD that required two sit down restaurants. Therefore, he would support the development this evening.

Council Member Sellers felt that it was good that the City held out/held its ground and was pleased with the consensus that appears to be forming to move forward with this application.

Action:

On a motion by Council Member Sellers and seconded by Mayor Kennedy, the City Council unanimously (5-0), <u>Waived</u> the Reading in Full of Ordinance No.1616, New Series Approving Zoning Amendment to approve a 3,253 Square Foot Drive-Thru Fast Food Restaurant and a 5,000-6,000 Square Foot Sit Down Restaurant.

Action:

On a motion by Council Member Sellers and seconded by Mayor Kennedy, the City Council unanimously (5-0), Introduced Ordinance No. 1616, New Series, by title only, as follows: AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING AN AMENDMENT TO THE THARALDSON PLANNED UNIT DEVELOPMENT (PUD) AND PRECISE DEVELOPMENT PLAN TO REPLACE TWO SIT DOWN RESTAURANTS (6,300 SQUARE FOOT AND 8,000 SQUARE FOOT IN SIZE) WITH A 3,253-SQUARE FOOT DRIVE-THRU FAST FOOD RESTAURANT AND A SIT DOWN RESTAURANT 5,000 TO 6,500 SQUARE FOOT IN SIZE. (APNs 726-33-023 & 024)(ZA-02-18: COCHRANE-IN-N-OUT BURGER/ APPLEBEE'S), deleting the last sentence of Section 9f of the Development Agreement by the following roll call vote: AYES: Carr, Chang, Kennedy, Sellers, Tate; NOES: None; ABSTAIN: None; ABSENT: None.

Mayor Kennedy felt that the comment that Council Member Sellers made was correct and that the Council held out for an exceptionally good quality project. He thanked the In-N-Out Burger representatives for all of their hard work and stated that the Council appreciates the good quality product that has been approved.

Council Member Tate felt that from an economic development strategy stand point, the City has put the applicant through the ringer more than it needed to. He felt that the priority of economic development strategy has been raised in priority.

City Council Action

OTHER BUSINESS

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5. <u>A REPORT ON THE OPERATIONS OF THE CITY'S DOMESTIC WATER SYSTEM</u>

Director of Public Works Ashcraft presented the Council with an overview of the City's water operations.

Mayor Kennedy opened the floor to public comment.

Cindy Gobin requested that the Council authorize a test garden to find out how much perchlorate is contained in the items that are grown. She expressed concern that even if the wells test less than 4 parts per billion (ppb), dark green leafy vegetables soak up the perchlorate at 50 times the rate in the water.

City Manager Tewes said that he has made it known to the community and as a reminder that on May 3, 10:00 a.m., the Regional Water Quality Control Board will be conducting a community meeting at Gavilan College. In attendance will be individuals who are experts on the issues of the effect of perchlorate on human health, agricultural products and life stock. There have been recent stories that there are considerable scientific studies underway to try to find out the impacts. He indicated that by January 31, 2004, the State Department of Health Service has to establish a maximum contaminate level for perchlorate and the effects it has on plants and animals as well as domestic use. To his knowledge the City does not deliver any water to agricultural customers from domestic wells. However, studies are underway for large agricultural holdings and that these results will be critical to the establishment of the MCL.

Ms. Gobin stated that these studies do not address her concerns. She said that she will be attending the community meeting on Saturday and that it was her understanding that there will be several individuals in attendance with information about all the ways that perchlorate may affect her health, the health of her children and the health of everyone else who resides in the area. However, it does not address the issue of how much perchlorate are in gardens that Morgan Hill residents plant in their backyards. She expressed concern that perchlorate may not exactly affect the City of Morgan Hill but that the community has a Saturday farmers' market that is filled with people who reside in San Martin who come and sell their produce. She would not know if it is safe to eat produce without testing the produce that is grown with water from the area. She stated that she would not plant a garden in her backyard if she does not know if it is safe as it is not a risk that she wants to take. She felt that it would be simple to plant a test garden to determine if there were any traces of contaminant in the produce.

Mayor Kennedy stated that Morgan Hill's domestic water does not contain perchlorate in it and that the City has removed any wells that have detected perchlorate.

Mayor Pro Tempore Chang did not believe that a test garden was necessary as there are individuals who have gardens planted. The plants can be taken to a place to be tested for perchlorate.

Ms. Gobin felt that it is the City's responsibility to find an existing garden so that the City can tell the community whether it is safe to grow a garden.

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No further comments were offered.

Mayor Pro Tempore Chang recommended that individuals attend Saturday's meeting to raise this question and request that a test garden be planted as the City does not have the ability to test for perchlorate. She indicated that she would be attending the meeting.

Mayor Kennedy felt that there were better ways to proceed rather than the City taking on this responsibility. He indicated that Morgan Hill and San Martin residents have raised these questions to the Santa Clara Valley Water District, the Department of Health Services and the State Agricultural Commissioners who do not have the answers. He understood Ms. Gobin's frustrations and indicated that everyone shares this frustration. He said that the City is trying to get these answers as well. He stated that the City does not have the capability to conduct this kind of a test. Furthermore, it was the responsibility of the Regional Water Quality Control Board, the Santa Clara Valley Water District and others to conduct testing. It will be the City's focus to put pressure on these agencies to conduct tests. He felt that there were other ways to answer the question without planting a garden in Morgan Hill. He felt that the information is available but that these agencies need to take the information and do something with it.

Action: By consensus, the City Council <u>Accepted</u> the report

City Council and Redevelopment Agency Action

CLOSED SESSIONS:

City Attorney/Agency Counsel Leichter announced the following closed session item.

1. CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION

Significant Exposure/Initiation of Litigation

Authority: Government Code Sections 54956.9(b) & (c)

Number of Potential Cases: 2

OPPORTUNITY FOR PUBLIC COMMENT

Mayor/Chairperson Kennedy opened the closed session items to public comment. No comments were offered.

ADJOURN TO CLOSED SESSION

Mayor/Chairperson Kennedy adjourned the meeting to closed session at 10:35 p.m.

RECONVENE

Mayor/Chairperson Kennedy reconvened the meeting at 11:09 p.m.

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CLOSED SESSION ANNOUNCEMENT

City Attorney/Agency Counsel Leichter announced that there was no reportable action taken in closed session.

FUTURE COUNCIL-INITIATED AGENDA ITEMS

ADJOURNMENT

There being no further business, Mayor/Chairperson Kennedy adjourned the meeting at 11:10 p.m.

MINUTES RECORDED AND PREPARED BY

IRMA TORREZ, City Clerk/Agency Secretary

Submitted for Approval: May 21, 2003

CITY OF MORGAN HILL JOINT REGULAR CITY COUNCIL AND SPECIAL REDEVELOPMENT AGENCY MEETING MINUTES – MAY 7, 2003

CALL TO ORDER

Mayor Pro Tempore/Vice-Chairperson Chang called the special meeting to order at 7:00 p.m.

ROLL CALL ATTENDANCE

Present: Council/Agency Members Carr, Sellers, Tate and Mayor Pro Tempore/Vice-

Chairperson Chang

Absent: Mayor/Agency Chairman Kennedy

DECLARATION OF POSTING OF AGENDA

City Clerk/Agency Secretary Torrez certified that the meeting's agenda was duly noticed and posted in accordance with Government Code 54954.2.

SILENT INVOCATION

PLEDGE OF ALLEGIANCE

At the invitation of Mayor Pro Tempore/Vice-Chairperson Chang, Deputy Director of Public Works Karl Bjarke led the Pledge of Allegiance.

PROCLAMATIONS

Deputy Director of Public Works Bjarke accepted the proclamation of *Bike to Work Week* for the week of May 11-7, 2003 from Mayor Pro Tempore Chang.

Deputy Director of Public Works Bjarke accepted the proclamation of *National Public Works Week*, for May 18-24, 2003 from Mayor Pro Tempore Chang.

RECOGNITIONS

Mayor Pro Tempore, serving as a representative for Senator Bruce McPherson's office, presented Certificates of Recognition from the Senator to staff in honor of completion of the Community and Cultural Center and in honor of the completion of the Community Playhouse.

CITY COUNCIL REPORT

Mayor Pro Tempore/Vice-Chairperson Chang distributed and reported on the Cities Association Legislative Action Committee (LAC) Report. She indicated that the LAC took positions on various bills and will be sending letters in support/non support as indicated in the report. She indicated that the LAC is not supporting AB1160, the administerial approval of secondary units because the

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guidelines are not working. She also distributed and reported on the Regional Water Quality Control Board meeting. The Board, in conjunction with the Santa Clara Valley Water District, has come up with six proposals for individuals to evaluate how to treat perchlorate groundwater contamination. If there are any questions, she requested that Jim Ashcraft, Public Works Director, be contacted.

OTHER REPORTS

Council Member Tate reported that last night the Measure P Update Committee held the 20th and perhaps the last meeting. The Committee met with Chris Taylor who is with the law firm who helped the City draft the language that is being suggested to be placed on the ballot for the Measure P update. Ms. Taylor is with the same firm that helped the citizens group that drafted the Measure P back in 1990 and who had a lot of familiarity with Measure P. Ms. Taylor expressed concern with some of the items being proposed and that they were the same items that some of the Planning Commissioners and the City Council had concerns with when it came to them for review. She talked the Committee into changing some of the issues or rearranging their location on the draft ballot measure. Ms. Taylor will be taking the Committee's input and draft the final language for the ballot. The draft ballot language will be circulated to the 18-member Committee. The final recommendation will come back to the Planning Commission and the City Council. If Ms. Taylor will be suggesting something that is very controversial, the Committee will meet one more time. He also reported on Youth Empowered for Success (YES), indicating that Morgan Hill was the first governmental agency in the County to adopt the 40 Developmental Assets and that five other agencies in the County have adopted them. He stated that on Monday night, the School Board of the Morgan Hill Unified School District, adopted the 40- Developmental Asset as their guidelines. He indicated that School Board Member Tom Kinoshita has been working closely with him on the YES Committee and will continue to do so with the support of the School Board.

Council Member Sellers announced that among the activities to be held this weekend, the Downtown Association is promoting a sidewalk sale and the reopening of the Farmers Market. He encouraged the community to attend the Farmer's Market and to circulate through the downtown, making this a weekly habit.

CITY MANAGER REPORT

City Manager Tewes reported that the fourth annual Art A La Carte will be taking place on Saturday, May 17, 2003.

Recreation and Community Services Manager Spier indicated that the theme for the fourth annual Art A La Cart is "Magic of the Arts." She stated that this year, the City was fortunate to have First Five as a co sponsor along with the City of Morgan Hill. Because of these two co-sponsors, the event will be offered free of charge. Art A La Cart has partnered with the Police Department who will be conducting a safety fair. She encouraged families with children ages 0-12 to attend Art A La Cart from 11 a.m. to 3 p.m. on Saturday, May 17. She stated her appreciation of the Council's co-sponsorship of this event.

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CITY ATTORNEY REPORT

Acting City Attorney Siegel stated that there was not a city attorney's report to present this evening.

PUBLIC COMMENT

Mayor Pro Tempore/Vice-Chairperson Chang opened the floor to public comment for items not appearing on this evening's agenda. No comments were offered.

City Council Action

CONSENT CALENDAR:

Action: On a motion by Council Member Tate and seconded by Council Member Sellers, the City Council, on a 4-0 vote with Mayor Kennedy absent, Approved Consent Calendar Items 1-9 as follows:

1. LEAGUE OF CALIFORNIA CITIES RESOLUTION

<u>Action:</u> <u>Provided</u> Direction to Designated Voting Member.

2. <u>APPOINTMENTS TO THE PERCHLORATE CITIZENS ADVISORY GROUP</u> *Action: Approved the Mayor's Appointment to the Perchlorate Citizen Advisory Group.*

3. APPROVAL OF IMPROVEMENT AGREEMENT WITH SAFEWAY, INC.

<u>Action:</u> 1) <u>Approved</u> the Improvement Agreement; and 2) <u>Authorized</u> the City Manager to Sign the Agreement on Behalf of the City with Safeway Inc.

4. THIRD QUARTER REPORT, 2002-2003 WORKPLAN

Action: Accepted Report.

5. BI-ANNUAL VACANCY RATE SURVEY

<u>Action:</u> <u>Established</u> the Bi-Annual Vacancy Rate for April 2003 as Recommended by the Planning Commission.

6. SUPPLEMENTAL LAW ENFORCEMENT SERVICES FUND

<u>Action:</u> <u>Approved</u> the Fiscal Year 2002-2003 Spending Plan for Supplemental Law Enforcement Services Fund.

7. ADOPT ORDINANCE NO. 1614, NEW SERIES

<u>Action:</u> <u>Waived</u> the Reading, and <u>Adopted</u> Ordinance No. 1614, New Series, and <u>Declared</u> That Said Title, Which Appears on the Public Agenda, Shall be Determined to Have Been Read by Title and Further Reading Waived; Title as Follows: AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING AN AMENDMENT TO ORDINANCE NO. 1523, NEW SERIES, TO AMEND THE DEVELOPMENT AGREEMENT TO

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INCORPORATE AN EXCEPTION TO LOSS OF BUILDING ALLOCATION FOR APPLICATION MP 00-09: LLAGAS-DELCO. (APN 764-32-005).

8. ADOPT ORDINANCE NO. 1615, NEW SERIES

<u>Action:</u> <u>Waived</u> the Reading, and <u>Adopted</u> Ordinance No. 1615, New Series, and <u>Declared</u> That Said Title, Which Appears on the Public Agenda, Shall be Determined to Have Been Read by Title and Further Reading Waived; Title as Follows: AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING AN AMENDMENT TO ORDINANCE NO. 1523, NEW SERIES, TO AMEND THE DEVELOPMENT AGREEMENT TO INCORPORATE AN EXCEPTION TO LOSS OF BUILDING ALLOCATION FOR APPLICATION MP 00-10: HALE -DELCO (APNS 764-32-012 & 013).

9. ADOPT ORDINANCE NO. 1616, NEW SERIES, AS AMENDED

Action: Waived the Reading, and Adopted Ordinance No. 1616, New Series, as amended, and Declared That Said Title, Which Appears on the Public Agenda, Shall be Determined to Have Been Read by Title and Further Reading Waived; Title as Follows: AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING AN AMENDMENT TO THE THARALDSON PLANNED UNIT DEVELOPMENT (PUD) AND PRECISE DEVELOPMENT PLAN TO REPLACE TWO SIT DOWN RESTAURANTS (6,300 SQUARE FOOT AND 8,000 SQUARE FOOT IN SIZE) WITH A 3,253-SQUARE FOOT DRIVE-THRU FAST FOOD RESTAURANT AND A SIT DOWN RESTAURANT 5,000 TO 6,500 SQUARE FOOT IN SIZE. (APNs 726-33-023 & -024) (ZA-02-18: COCHRANE-IN-N-OUT BURGER/APPLEBEE'S).

Council/Agency Member Sellers commented on the following Consent Calendar Items:

- <u>Item 1</u>: He indicated that Mayor Kennedy, Mayor Pro Tempore Chang and he will be in Sacramento next week working directly with the City's legislators and legislative leaders urging them to do right by local communities. He stated that the League of California Cities has prepared a resolution and that it would be voted upon. He said that it is a unique situation for cities to be in but that these are unique times. It is his hope that the Council will report back at the next meeting.
- <u>Item 2</u>: He thanked Mayor Kennedy for agreeing to serve on the Perchlorate Committee. He pointed out to the public the appointment of Evelyn Heinrich who will do an excellent job representing the City as she owns the Water Outlet and has a health background.
- <u>Item 5</u>: He noted that the vacancy rate is a little higher than it has been in the past. He stated that one or two projects had higher vacancy rates. Otherwise, the rest of the city's vacancy rates were low. He wanted to comment on the vacancy rate for rental units because it has traditionally been exceedingly low. Even though the vacancy rate is a little bit higher than normal, he felt that the need is significant.
- <u>Item 9</u>: The Council approved the project at Cochrane and Highway 101 (In-N-Out Burgers). He said that one of the off shoots of the approval was a discussion about how many fast food outlets were too many. He felt that this was an item worthy of further discussion and perhaps a policy

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discussion. He requested that the Council discuss this issue following the budget discussions as there are broader policy concerns such as how the City deals with gateway centers.

Redevelopment Agency and City Council Action

CONSENT CALENDAR:

<u>Action:</u> On a motion by Council/Agency Member Tate and seconded by Council/Agency Member Sellers, the Council/Agency Board, on a 4-0 vote with Mayor Kennedy absent, <u>Approved</u> Consent Calendar Item 10, as follows:

10. JOINT SPECIAL AND REGULAR REDEVELOPMENT AND SPECIAL CITY COUNCIL MEETING MINUTES FOR MEETING OF APRIL 23, 2003

Action: Approved the Minutes as written.

City Manager/Agency Director Tewes informed the public that the Council has a rule that it does not open public hearings until 7:30 p.m., noting that it is not yet 7:30 p.m. He reported that item 14, a request to co-sponsor a "Support Our Troops" event, has been withdrawn because the sponsor of the event found that others were already planning such an event. The sponsor felt that it would be appropriate to focus all efforts on one event. The property owner for item 20, relating to the facade program, has requested that this matter come back at a later date.

Action: It was the consensus of the Council/Agency to **consider** agenda item 15 at this time.

City Council Action

15. CONSIDERATION OF BECOMING A GREEN CITY

Assistant to the City Manager Eulo presented the staff report. Should the Council be interested in becoming a green city, he requested Council direction that staff explore and proceed along this path until such a time that the effort gets to be too all encompassing and requires a lot of staff hours or the City needs to make capital expenditures. He said that in the next six months staff, would explore the concept and begin to become greener as there are no negative consequences to this whatsoever.

Council Member Tate stated that the staff report raised a red flag when it indicated that certification may be the toughest to achieve as it relates to the use of hazardous chemicals. This tells him that becoming green requires things that are not realistic. He stated that he would hate to get into a certification process where the City pretends things to qualify for the criteria. He felt that the City needs to figure out its own criteria, if this is the case.

Mr. Eulo felt that the program, as written, was flexible enough. He indicated that there are two ways to get certified: 1) showing a reduction in the use in such things as electricity, solid waste, or the use of hazardous chemicals; or 2) going through an analysis and implementing a specified number of measures to reduce the use of hazardous chemicals. He felt that in this particular area,

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he over stated the concern. In his discussion with Carol Bird, there are ways for the City to proceed in a prudent manner that makes sense for all.

Council Member Tate said that the key phrase is that whatever the City does makes sense.

Mayor Pro Tempore Chang stated that she attended the event where an award was given to a city. She indicated that a few cities were certified that evening. These cities were certified based on vehicles used by the Public Works Department. It was her impression, at the time, that it was not a very difficult procedure and thus her recommendation to undertake the program. If it does not take too much time, she would like to see if becoming green can be accomplished and work toward certification. She noted that the City is the only city in the county that is doing a self recycling program and felt that the City should be able to achieve this goal as well.

Council Member Carr indicated that he formally served as the South County representative to the Pollution Prevention Control Committee that oversees the County's Green Program. He was on the Committee when Palo Alto was going through their process as well as two businesses in Morgan Hill, Ego Care House Cleaning and Educating Data Systems, who received their certifications as well. He felt that the City should find ways to become green and that they should be goals. He was going to recommend that the Council take a look at this as part of the budget process. However, he felt that Mr. Eulo's suggestion of Council asking staff to begin the process and work through it for six months, reporting to the Council with a status report, would give the Council an idea of what it would entail to follow through with the program. If the City is going to participate in a program, he felt that the Council needs to know what it is getting into and be willing to finish the program. This being said, he would be willing to support staff's recommendation of beginning the procedure/process in gathering information and coming back to the Council within six months before any expenditures are made to become a green city.

Council Member Sellers stated that this is a laudable goal and that it should be pursued. However, the Council is asking staff to do more and more with less and less these days in this budget climate. He was anxious that the Council was giving staff another charge without the resources to proceed. He felt that the Council needs to state that in the course of staff's workload, and staff is able to move this program along, that would be great.

Action: On a motion by Council Member Carr and seconded by Council Member Tate, the City Council, on a 4-0 vote with Mayor Kennedy absent, Supported staff's recommendation of beginning the procedure/process in gathering information and returning to the Council within six months and/or before any expenditures are made to become a green city.

16. STATE FUNDING FOR LIBRARY TRANSACTIONS

Assistant to the City Manager Eulo presented the staff report indicating that it is difficult for cities to be opposing every reduction that the Governor proposes and still appear to be responsible. He requested Council direction regarding the state funding for Library transactions.

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Council Member Tate said that there are several reductions that the State is looking at for libraries. He noted that the Legislative Subcommittee is recommending that the City support some of the State's recommended funding for library transactions. He stated that he focused only in one area, the Transaction Based Reimbursement (TBR). He indicated that the Governor is recommending that cities replace services that the State currently funds to the point of \$12 million per year with a fee to use the library. This would be the first imposition of a fee to borrow a book if it is to be returned to a different location. He noted that the State currently reimburses the whole concept of TBR which is heavily utilized in Silicon Valley. Of the \$12 million, approximately \$2 million comes to Santa Clara County for the TBR. This would do away with the free library system as it is known today. He strongly opposed this portion of the reduction recommendation.

Council Member Sellers concurred with the comments expressed by Council Member Tate. He said that when the Legislative Subcommittee discussed this issue, it was a significant philosophical issue that he had with it. It was envisioned that the Library was to be free. To charge for transfer of books would hurt communities such as Morgan Hill who have a significant dependence on the library and who does not have the resources that some of the larger communities have. This appears to be an unfair burden. The Legislative Subcommittee opposed the Governor's TBR recommendation. He felt that it would make more sense to have additional reductions in other library services before implementing a measure such as this one.

Council Member Carr said that the Legislative Subcommittee did not take a position on this issue because it wanted to hear from Council Member Tate. He supported Council Member Tate's position.

Mayor Pro Tempore Chang opened the floor to public comment. No comments were offered.

<u>Action</u>: On a motion by Council Member Tate and seconded by Council Member Carr, the City Council, on a 4-0 vote with Mayor Kennedy absent, **opposed** the TBR.

City Council Action

PUBLIC HEARINGS:

11. <u>DEVELOPMENT AGREEMENT APPLICATION, DA-00-01: CHRISTEPH-KOSICH</u> – *Ordinance No. 1617, New Series*

Director of Community Development Bischoff presented the staff report and stated for the record that the need for the extension/exception to loss of building allocation has to do with the extended delays in permit processing and was not the result of developer inaction. Staff finds this to be the case as did the Planning Commission.

Mayor Pro Tempore Chang opened the public hearing. No comments being offered, the public hearing was closed.

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Action: On a motion by Council Member Tate and seconded by Council Member Sellers, the City Council, on a 4-0 vote with Mayor Kennedy absent, <u>Waived</u> the Reading in Full of Ordinance No. 1617, New Series.

Action: On a motion by Council Member Tate and seconded by Council Member Sellers, the City Council Introduced Ordinance No. 1617, New Series, by Title Only, as follows: AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING A DEVELOPMENT AGREEMENT FOR APPLICATION MP-99-04: CHRISTEPH COURT - KOSICH (APN 764-32-024)/(DA-00-01: CHRISTEPH - KOSICH) by the following roll call vote: AYES: Carr, Chang, Sellers, Tate; NOES: None; ABSTAIN: None; ABSENT: Kennedy.

12. <u>DEVELOPMENT AGREEMENT DA 02-09</u>: <u>DEWITT-MARQUEZ SUBDIVISION</u> – *Ordinance No. 1618, New Series*

Director of Community Development Bischoff presented the staff report.

Council Member Tate said that he read the minutes of the Planning Commission meeting and that there were references in the minutes to geotechnical problems. He noted that one of the Commissioners voted "no" based on soil instability. He stated that there was no explanation in the minutes as to the issue.

Mr. Bischoff said that it was his understanding that although geotechnical problems were expressed by a neighbor, there was nothing in the findings that suggest that this is a problem. He stated that the proper engineering has been prepared for the project. The minutes reflect that the project engineer, Bill McClintock, suggests that these issues have been resolved. He said that wherever there are slopes there are potentials for geotechnical issues. However, there is not an area in the City that is subject to significant geological constraints and that there is typical engineering that needs to occur is required by the City's zoning ordinance/building codes. This would have to be addressed as part of the project.

Mayor Pro Tempore Chang opened the public hearing. No comments being offered, the public hearing was closed.

Action: On a motion by Council Member Sellers and seconded by Council Member Carr, the City Council, on a 4-0 vote with Mayor Kennedy Absent, <u>Waived</u> the Reading in Full of Ordinance No. 1618, New Series.

Action: On a motion by Council Member Sellers and seconded by Council Member Carr, the City Council Introduced Ordinance No. 1618, New Series, by Title Only, as follows: AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING DEVELOPMENT AGREEMENT, DA 02-09 FOR MP 02-02: DEWITT - MARQUEZ SUBDIVISION (APN 773-08-014) by the following roll call vote: AYES: Carr, Chang, Sellers, Tate; NOES: None; ABSTAIN: None; ABSENT: Kennedy.

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13. <u>DEVELOPMENT AGREEMENT DA 03-01: CHRISTEPH-KAMANGAR/PINE BROOKS TRUST</u> – *Ordinance No. 1619, New Series*

Director of Community Development Bischoff presented the staff report, indicating that supplementation information has been placed on the dias that identifies a condition that was inadvertently left off from the development agreement, as recommended by the Planning Commission, who wanted to see this application come to closure. This is an added condition that would require that the final map be recorded by May 7, 2004. To ensure that this takes place, there is a requirement that all documents be delivered to the City by April 15, 2004 and that failure to do so would result in termination of the project and vesting tentative map approvals. He indicated that the applicant is aware of this condition.

Council Member Tate said that the Planning Commission minutes reflects that one of the Commissioners voted against the application. However, the minutes do not reflect the reason to give the Council insight into why the Commissioner voted against the application.

Planning Manager Rowe said that the no vote was from one Commissioner who felt that the provisions of Measure P should have, at some point in time, applied to this project. Therefore, objected to the continuance and that it was a philosophical difference with the subdivision map act requirement.

Mayor Pro Tempore Chang opened the public hearing. No comments being offered, the public hearing was closed.

Action: On a motion by Council Member Tate and seconded by Council Member Sellers, the City Council, on a 4-0 vote with Mayor Kennedy Absent, <u>Waived</u> the Reading in Full of Ordinance No. 1619, New Series.

Action: On a motion by Council Member Tate and seconded by Council Member Sellers, the City Council Introduced Ordinance No. 1619, New Series, by Title Only, as follows: AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING DEVELOPMENT AGREEMENT, DA-03-01: CHRISTEPH - KAMANGAR/PINE BROOKS TRUST (APN 764-32-025), incorporating the added condition as recommended by staff by the following roll call vote: AYES: Carr, Chang, Sellers, Tate; NOES: None; ABSTAIN: None; ABSENT: Kennedy.

City Council Action

OTHER BUSINESS:

14. <u>REQUEST TO CO-SPONSOR A "SUPPORT OUR TROOPS" EVENT AT THE COMMUNITY AND CULTURAL CENTER AMPHITHEATER</u>

Action: This item was removed from the Agenda at the request of the applicant.

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17. <u>DOWNTOWN PLAN UPDATE: TASK FORCE FINAL REPORT</u>

Planning Manager Rowe presented the staff report. He requested that the Council review the Plan recommendations and provide direction regarding any necessary changes. In particular, staff is requesting review of the land use strategies and any implementation priorities identified in the Task Force Report. He said that the public improvement priorities are also discussed in the Report. He indicated that Larry Cannon with the Cannon Design Group, the consultant retained by the City to assist staff and the Task Force in the development of the Downtown Plan, was in attendance to present the Report.

Mayor Pro Tempore Chang indicated that Council Member Sellers' and her office are located within 500-feet of the proposed new boundary. She requested that staff indicate why a conflict does not exist.

Acting City Attorney Siegel stated that it was his understanding that this issue has been researched and that the Fair Political Practices Commission has been contacted. It has been determined that due to the size and the impact of the Downtown Plan Update on the entire town, there is no conflict for any of the Council Members, specifically the two Council Members identified by Mayor Pro Tempore Chang.

Mr. Cannon presented a power point presentation on the Downtown Plan Update and walked the Council through the Downtown Task Force's Final Report.

Council Member Sellers thanked the 17-member Downtown Plan Update Committee as they were well informed and very passionate about the downtown. He also thanked staff and the consultant for all their hard work as there were issues that were raised, including unexpected delays, but that they worked through them. He stated that he was part of the document that the Committee come up with and was looking forward to getting the plan implemented.

Mayor Pro Tempore Chang referred to page 12 that addressed high density residential. She said that there was discussion about the density being up to 35-40 dwelling units per acre on the Sunsweet site.

Mr. Rowe stated that in the assessment of the opportunity sites identified by Kaiser-Marsten, it was indicated that there needs to be a certain density for a project to be marketable. In general, for multi family, this would be in the 35-40 dwelling units per acre range. For ownership projects, you would need approximately 18-dwelling units to the acre. He indicated that there are recommendations for the single family medium and multi family categories. He said that a portion of the Sunsweet property was identified as multi family. He indicated that there could be other densities in the transit oriented development corridor along Butterfield Boulevard. He stated that the density would vary depending on whether it would be an ownership or rental property.

Council Member Sellers indicated that the density range for multi family is 18-40 dwelling units per acre.

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Mayor Pro Tempore Chang inquired as to the building height should the City move toward 35-40 units per acre. She noted that the downtown area has a building height limitation of approximately 35-feet.

Mr. Rowe said that it is possible to have a three-story building with a 35-foot height limitation. However, the building would have a flat roof in order to have enough floor space. He stated that the report recommends a maximum height of three stories and further recommends that the third story element be setback at least 15-feet from the two story element that faces the street to provide a transition. He said that one recommendation for not identifying a specific height is that if the City approves a three story building with 35 dwelling units per acre, you would have a hotel appearance. He noted that the Residence Inn and the Courtyard Hotels are three story buildings that incorporate full roof elements and are at 45 feet in height. He said that it was the consensus of the task force that it did not want the Plan to have anything more that three stories. To preserve the feel and the character of the downtown, which are predominately two story buildings, there had to be a stepping back of the third-story element away from the front facade in order to maintain the two story appearance and scale from public views.

Council Member Sellers said that you can look at a density of 20-30 units per acre but noted that you would not have a full acre and that the development would not have many units on the property. He said that it is more than likely to see residential above retail. He said that there are projects constructed in other communities where you would not have an idea that the density is higher than 40-dwelling units per acre. He felt that it was important to allow for diversity. He said that the Task Force reached a consensus that there is no interest in having this kind of a density throughout a huge corridor but recommends flexibility to have higher or lower density within the same area. He said that the height being discussed currently exists in the downtown. He felt that the issue of height versus stories is different and felt that what is being proposed is in keeping with the character that the height would not be higher than existing buildings. He noted that across the railroad tracks would be a building constructed of some significance that the County would be providing to the community. He felt that the scale would be consistent as well. He said that the task force was after the scale and design to make sure that it is proportional to what exists in the downtown.

Council Member Tate indicated that he raised the same concerns that Mayor Pro Tempore Chang did in the Task Force discussions. He said that you would have to visit the City of Mt. View to understand the issues. He said that he would be open to looking at the design of a building rather than to state that there has to be a maximum height of 42-feet or another maximum height limitation. He expressed concern with the larger density and what is done to the feel of the trees, shrubs and lawns as depicted in the renderings presented this evening. He said that landscaping will be incorporated to tamper the building.

Mayor Pro Tempore Chang inquired where residents would park with a 40-unit development proposal.

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Council Member Sellers said that parking is typically developed below grade or at least partially below grade to attain the advantage of ventilation. However, flood control issues play a big part in the design as well. The design would enhance a project and would allow retail development at the street level.

Council Member Carr inquired as to the process and where the Council would be going from this point. He inquired whether an implementation plan would be proposed.

Mr. Rowe said that the document discusses an implementation strategy and prioritization items such as conducting a traffic study, investigating the feasibility of narrowing Monterey Road, or using traffic calming devices. If there is concurrence on these particular items, staff would proceed with the preparation of the necessary environmental work which is a prerequisite to being able to adopt specific general plan changes. He indicated that the Council would need to amend the general plan to allow 40-dwelling units per acre density. The parking code would need to be amended to allow emphasis on the development of public parking facilities, waiver of the requirement for on site parking for non residential uses, and/or uniform parking standards that would apply to all the uses in the downtown. He stated that should the Council concur with the recommendations from the Task Force as outlined in the report, staff would proceed accordingly. If, however, there are some concerns with the density, height recommendations or the prioritization as outlined in the implementation, it would be important to know this at this time because it would affect how the City proceeds from here on out. He indicated that he has included in the Planning Division's Fiscal Year 2003-04 funding the traffic study and environmental work. The plan would return to the Council for formal adoption of the plan and the recommended changes to the general plan and zoning would be necessary to implement the Downtown Plan. He stated that it was his belief that the work could be completed within six months.

Mayor Pro Tempore Chang opened the floor to public comment.

Dan Craig, representing the Morgan Hill Downtown Association, congratulated the Task Force for their hard work on the Downtown Plan. He stated that the Downtown Association had the opportunity to provide input and came up with a checklist of things that they wanted to address in the Plan. He offered the endorsement of the Downtown Association for the Plan. He said that the Downtown Association has held meetings about traffic calming techniques in the downtown area. The Downtown Association sees the residential element as a pivotal part of the downtown's future viability. He felt that a lot of the goals to be reached in the downtown will be realized through this portion of the Plan.

No further comments were offered.

Council Member Tate stated that the Downtown Plan was a good guideline and objective. He felt that there were some concrete items that are upfront for the Council to do, from a public policy stand point, and that he would like to move ahead as soon as possible. He said that there is one item that the Task Force does not recommend the City proceed immediately with it as it is a controversial issue. This is the area of traffic calming in the downtown. It was his belief that the Task Force was in agreement that this should be studied at the time that Highway 101 was

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physically opened and Butterfield Boulevard extended to Tennant Avenue. If the studies were conducted at this time, the City would be guessing at the impacts associated with these improvements. He said that the City will not know the impacts until these roadways are completed and has some experience with them. He stated that he was not comfortable proceeding with a traffic calming study until the City knows the impacts. He said that there is another issue about the implementation of the Plan. He noted that properties are owned by different property owners and therefore, the City cannot dictate the timing of development of downtown properties. He felt that the City needs a sense of priority of where the Council would like to see things developed. He expressed concern that development would proceed on a first come, first serve basis. He also expressed concern that the first individual who has a project that would enhance the downtown would receive City support and funding. He said that he and Council Member Carr looked at this issue when they studied the economic development strategy in terms of weighing the projects and how they can be prioritized by having a competition to understand the scope of the project. He stated that he was supportive of the plan but felt that the Council needs to start thinking beyond this because the Council cannot dictate to property owners how they will develop their properties. He felt that the Council needs to have some sense of its own priorities in terms of how it would like to see the downtown develop and a sense of moving forward with the Plan.

Council Member Sellers concurred with most of the comments expressed by Council Member Tate. He said that there were three or four items that were mentioned by Mr. Cannon that he would like to comment on. He said that the flood issue was a significant one and that it was discussed. There are several things with this regard that are taking place. He stated that the PL566 project will be a key element because it will mitigate flood concerns throughout every neighborhood and that it would afford the opportunity to perform creek enhancements. He said that the flood issue is a matter of degree, noting that one of the things that staff has agreed to do is look at the flood maps and possible mitigations. The Task Force wants to minimize the parking impacts and enhance parking areas. It was the hope of the Task Force that this issue would be addressed on a regional basis with City measures. He said that alleviating flood issues would facilitate downtown development. He said that one of the things that makes the downtown a special place is that residences are in close proximity to everything. He said that the Task Force received a lot of input from downtown residents and that no one on the Task Force wanted to displace any of the residents. The Task Force wanted to encourage other residential opportunities in the downtown in appropriate ways. The Task Force also supports the conversion of buildings on side streets, particularly along the Monterey corridor. He agreed that the traffic study should be deferred until the Highway 101 expansion and Butterfield Boulevard extension takes place as changes in traffic patterns could be evaluated. It was his hope that the Plan would give property owners in the downtown area options to consider. One of the reasons it is important to have the Downtown Association in existence is that they will be able to do many things on their own (e.g., signage update). He felt that one of areas that the Downtown Association will have a significant input is encouraging ground floor retail along the Monterey corridor and encouraging property owners to be creative and think about retail uses that enhance the overall downtown area. He felt that the Downtown Association will have a large role to play in the implementation of the Plan. He said that the first come, first serve issue was a little more complex in conducting economic development in the downtown. He said that it may make sense to proceed with the first come, first serve process

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as it may help to be a catalyst for other development. He stated that he looks forward to being a part of the implementation process.

Mayor Pro Tempore Chang stated that she was adamant about lower density for the City. She stated that she was uncomfortable with the recommended 35-40 units per acre, even in the downtown area. She felt that this was a wonderful Plan and that she was looking forward to a very prosperous downtown. She said that Morgan Hill has always been a low density community with the development of approximately 15-units per acre the majority of the time. She requested that this issue be considered when the Council moves forward with the Plan and/or ordinance amendments. She expressed concern with the building height, as a 42-foot maximum height is what the community is use to and what the Council has restricted the County courthouse to. She encouraged Council members to maintain the 42-height limitation. She liked the third story setback concept. Otherwise, she felt that this was a wonderful Plan with a lot of thought being put into the Plan by Task Force members.

Council Member Carr stated that he was excited about the plan and thanked Council Members Sellers and Tate and the rest of the members of the Task Force for their time into this effort. He was pleased that the Plan, as a guideline, was clarified this evening. He was also pleased that the Plan talks about signage, emphasis on being pedestrian friendly, and improving this part of the downtown as it is important. Landscaping and economic development assistance was also important. Also, important was the emphasis on Third Street as an entryway to the downtown from the train depot. He expressed concern with the flood plain and felt that a significant amount of thought needs to be given to this and how the City will move it along as it can hamper everything the Council wants to do. He stated that he was excited about the emphasis being placed on housing as he is an advocate for housing. He does not share the concern relating to density. He felt that it was important to have the flexibility to judge a project based on the design and the character of what will be developed versus establishing strict guidelines of what can be developed. He appreciated the fact that flexibility was incorporated in the Plan. He felt that flexibility should be emphasized when the Council addresses parking. He would like the Council to continue thinking about flexibility in the residential side of things. In order to develop housing in the downtown, the Council will need to provide a lot of flexibility in terms of parking, height and density to see the desired residential units in the downtown develop. He felt that residential units should be judged on the design and character of the building rather than establishing strict guidelines. He felt that there were a lot of places in the downtown area that the Council should be talking about relating to infill development. He felt that emphasis should be given to infill development throughout the downtown. He expressed concern with the boundary of Main Street, west of Monterey, and felt that the corridor to the civic center is an area that has been neglected for a long time. He felt that there were a lot of opportunities along Main Street and that it could be discussed as part of economic development. He was not suggesting that the Council change the boundaries of the downtown to include this area. He felt that the Plan was a great tool for the Council/City to have and that he looks forward toward implementing different strategies contained within the Plan.

Mr. Rowe noted that Council Members Sellers and Tate indicated that the timing of the traffic study should occur following the completion of the Highway 101 widening and the extension of Butterfield to Tennant Avenue. He confirmed that the Task Force addressed the timing. He inquired

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if there was consensus of the Council that the timing of the study should follow the conclusion of these two improvements so that the traffic patterns have a chance to get redistributed. The City could get a better sense of whether congestion is alleviated off of Monterey through the downtown. He noted that two approaches were raised by Council Member Sellers and Tate dealing with projects. Council Member Tate mentioned that rather than looking at projects on a first come, first serve basis that the City consider a competition or some way to establish a prioritization or ranking of different projects. Council Member Sellers felt that the Council could look at individual projects on a first come first serve basis if strict criterion were established in terms of how you gage the different projects. He said that it would be helpful to know if there was a general consensus among the Council whether one approach would be favorable over the other and that it would need to be articulated more fully in the implementation strategies.

Council Member Sellers did not believe that he and Council Member Tate were far apart. He said that several projects would not be looking toward public assistance and would narrow the process. Those that are looking for public assistance would be few in numbers. These projects would experience constraints (e.g., flood control, economic/ownership issues, etc.). It was his thought that these would be self prioritizing anyway. When the City gets down to just a few projects, the City could have a competition or allow prioritization in some way. He did not recommend that the policy be made too broad that individuals do not feel that they can move forward.

Council Member Tate felt that getting proposals down to two or three projects states that the City would be limiting the project in terms of the scope and the timeframe. He stated that he did not want to proceed with a first come, first serve policy. As the City is limited in terms of resources, he felt that there has to be a way to prioritize projects in the downtown area. He felt that he and Council Member Sellers were philosophically apart.

Council Member Carr did not believe that this was a discussion as part of the Downtown Plan. He stated that he would like to hear the economic development strategy plan as this is where the competition idea or the first come, first serve needs to be discussed. He felt that within the Downtown Plan there are sections that talk about a facade improvement program and other types of public assistance. He did not believe that the Council should define how the public assistance works in the Downtown Plan as this is an economic development strategy.

City Manager Tewes referred the Council to page 63 of the draft Plan. He stated that point 5 discusses this issue. Point 5 does not suggest that the Council must now determine what the priorities and criteria are. Policy 5 states that under this Plan, the City will develop a criteria to guide the Agency's decisions and to assist property owners in understanding priorities. Policy 5 further states that the Agency will establish and publish criteria to guide the City's use of the limited assistance and resources available. He indicated that this would be a follow up step on the adoption of the Plan and that the Plan itself does not identify what the criteria is.

Mr. Rowe said that this issue does not need to be resolved this evening, noting that the final Plan will return to the Council for adoption.

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Mayor Pro Tempore Chang recommended that this issue be discussed as part of the economic development strategy.

Council Member Carr felt that Policy 5 makes good sense and should be included in the Plan. He noted that when the Council put together the economic development strategy, it relied on the fact that this would be contained within the Plan. He did not know if the Council needed to decide this question this evening.

Council Member Tate stated that he and Council Member Carr have been serving on the Measure P Task Force and believes that they are very compatible with the statements contained in the Plan that refer to the housing in the downtown.

Mr. Rowe noted that there were two council members who weighed in on the density and the desire to have a specific height called out. He stated that it was Mayor Pro Tempore Chang's view that 42-feet would be the appropriate height limit. He requested consensus or direction because this would be important on how staff proceeds with the general plan and zoning ordinance amendments.

Council Member Tate said that he had a strong concern about height going into the Task Force. However, based on the discussions and renderings shown, he still has the concern, but that he would like to look at specific proposals with an open mind before he identifies the absolute maximum height limitation. He felt that there were a couple of Council members that are concerned with the height.

Mayor Pro Tempore Chang recommended that the density be kept as low as possible.

Council Member Carr felt that the Task Force gave a lot of thought and took time in coming up with the density numbers. He felt that economics and aesthetics come into play. He would not be comfortable in changing the density recommendation of the Task Force. He noted that the 35-40 du/acre is a guideline and allows flexibility. He did not recommend lowering the density language contained in the Plan.

Mayor Pro Tempore Chang noted that the general plan does not contain such a high density. To assign one parcel with high density bothers her but that she would abide by the decision of the majority of the Council. However, she recommended that the density for the downtown be at 18-40 du/ac.

Council Member Tate indicated that the density could be changed to 18-40 du/ac.

City Manager Tewes indicated that the City is still committed to enforcing traffic laws in the downtown and that staff is still looking at and evaluating low cost, low investment traffic calming issues.

Council Member Tate clarified that he was referring to the narrowing of Monterey Road and not referring to the calming techniques.

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Council Member Sellers said that at the last downtown breakfast meeting, several calming techniques were being considered that have been undertaken by other cities to significantly slow down traffic through the downtown.

<u>Action:</u>

It was the consensus of the City Council to <u>defer</u> the major studies on Monterey Road and the traffic calming until the opening of the freeway and the expansion of Butterfield Boulevard to Tennant Avenue. Also, the specifics of the site development standards, as part of the zoning, would return to the Council for future discussion/direction.

City Council and Redevelopment Agency Action

OTHER BUSINESS:

18. DRAFT ECONOMIC DEVELOPMENT STRATEGY

Director of Business Assistance and Housing Services Toy presented the staff report. He indicated that it may be important that the Council representatives on the Council's Economic Development Committee (EDC) provide their input on the latest draft of the economic development. He stated that the EDC/staff would like to see the adoption of the strategy with any modifications recommended by the City Council/Agency.

Council/Agency Member Sellers indicated that the Council/Agency would be focusing on the overall strategy this evening, particularly focusing on the downtown. He stated that this is an evolving process and that the EDC were guidelines. He said that the Downtown Association and many individuals in the downtown are trying to get a sense of what is available and where the City is heading. He stated that the EDC is not at odds with what was discussed with the Downtown Plan.

Mayor Pro Tempore/Agency Member Chang indicated that early this evening, a question was raised whether the City should proceed with a first come, first serve or proceed with an RFP.

Mr. Toy stated that under this scenario, the EDC envisioned that the Council/Agency would conduct a downtown RFP and that the concept would be that anyone who is thinking of a project would step up and participate in the process. He indicated that this would not necessarily preclude an individual from coming in outside the process.

Council/Agency Member Tate said that the concept, as discussed, went into a three phase process. Phase 1 would not be an RFP but would be a conceptual interest process to gage what thoughts are out there. If the City receives letters of interest, the City can move into step 2 and see what type of proposal the City could receive based on interest. He clarified that this would be a step by step process. Should the City not receive enough interest in one of the previous steps; you decide not to move into the next step.

Council/Agency Member Carr said that what was discussed in some of the interest steps was providing resources. If the City receives letters of interest and several of them look interesting,

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resources could be made available to individuals to further develop their plans. If the City is able to provide assistance to individuals, the City could help move things along.

Council/Agency Member Tate indicated that the EDC did not target funding specifically for downtown.

Council/Agency Member Sellers said that a sound economic development strategy identifies a few catalyst projects that would help a lot of other things happen on their own. He felt that sometimes the most important projects are the ones that are least likely to step forward. By working with the property owners and in encouraging them to develop an opportunity, it might get them to move forward quickly where they would not have otherwise moved forward. He inquired as to what degree the EDC addresses this issue.

Council/Agency Member Carr said that the competition idea is for the expanded downtown area and would not include the freeway area or other areas in the commercial districts. The idea of the RFP is to get individuals to start thinking about development and putting their thoughts on paper, providing the City with some type of interest level following established guidelines. It is not being proposed that the City require the submittal of the entire proposal initially. The City could provide some type of resources for individuals willing to go to the next level.

Council/Agency Member Sellers inquired how the City would ensure that projects step forward. He felt that the EDC recommendation was to request that the property owners take the first step, noting that some of the most important projects would not take the first step as they could be out of town landowners or that they do not want to move forward with development. He recommended that the City become proactive and identify projects on its own instead of waiting to see who approaches the City. He said that there may be a key project that did not step forward and that the City should not preclude an opportunity that might exist.

Mayor Pro Tempore/Vice-Chairperson Chang opened the floor to public comment.

Alex Kennett indicated that the Chamber of Commerce's Economic Development Committee (EDC) was tasked to come up with a marketing plan for both tourism and economic development. In May of last year, the marketing plan was presented to the Council/Agency. Not only did the plan bring out the results of this effort but also brought up more questions than it answered. In the meantime, there is a question on how economic development is measured, indicating that the Chamber has found many ways to measure economic development. He thanked the Council/Agency for its efforts and encouraged the passage of the economic development strategy as written or with whatever modifications may be deemed appropriate. He felt that the Chambers EDC will take this as its guiding document. The Chamber would like to return within 45-days that would support the Council's direction using the extra dimension of marketing to make it happen. He felt that it was important that Morgan Hill was marketed properly and that the Chamber believes that it has the resources to do this and within current budget guidelines. He stated that the opportunity is in the Council's hands and he encouraged the Council to be as specific as it can, realizing that not each and every situation can be addressed at any given date. When the Chamber

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returns in 45-days, all of the Council/Agency members will have been a part of the make up of the plan that will be presented by the Chamber.

Frank DeRose, 5182 Lanlor Avenue, Fremont, indicated that he is one of the owners of the DeRose property in the Walnut Grove PUD that is being proposed in Action 1f of the Economic Development Strategy. He stated that the owners of the DeRose property are in the final stages of forming the DeRose Family LLC to facilitate interaction between his neighbors, the City. and the family; thereby promoting development of their property. He indicated that the DeRose family wishes to support action 1f of the strategy that would prepare PUD guidelines for the Walnut Grove area to make it ready for development. The DeRose family is anxious to participate in the preparation of the PUD guidelines and stand ready to provide their input. As one of the managers of the DeRose Family LLC, he requested that staff use him as the official contact point for all communications between the City and the owners of the DeRose property. He requested that the DeRose family be notified of all meetings where issues relating to his property, the Walnut Grove PUD, and the PUD Guidelines are being discussed. He looks forward to working together with the Planning Commission, City Council and his neighbors to create a unified plan that will result in the best possible outcome for the PUD. He inquired if there was a cost established or time table in place whereby the City would be moving forward with the development of the PUD guidelines. He inquired who would be the City's representatives that he could expect to be dealing with and the timeframe. He said that the Walnut Grove PUD is an excellent example of a project ready and willing to move forward.

City Manger/Executive Director Tewes said that should the Council adopt the strategy; the next step would be for the City to appropriate funds to conduct the study. He indicated that staff members from the Planning and Business Assistance Departments will try to put together a set of PUD guidelines that reflect the City's General Plan goals and sense of reality in terms of development potential, bringing in some business sense into the development of these guidelines. Staff will work with the DeRose family and was appreciative that the family is willing to work with the City and set forth a specific work plan with schedules and milestones. He clarified that a schedule has not been identified at this time as the economic development strategy has not been adopted by the Council.

Sunday Minnich, Executive Director of the Morgan Hill Chamber of Commerce, thanked the Council for including the Chamber and asking for its comments. She thanked staff for keeping the Chamber involved and providing the strategy in advance of tonight's meeting. She stated that the Chamber was excited about the strategy coming close to completion. The Chamber is looking forward in continuing its partnership with the City, Council and staff. Based on the Council's adoption of the economic development strategy, the Chamber would like to go back and modify the marketing plan that it had given to the Council, taking into account the economic development strategy and working with the Council toward implementing the strategy and moving toward the future.

No further comments were offered.

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City Manager/Executive Director Tewes indicated that the Redevelopment Agency plan provided for \$147 million and that the Council went through a long process to set priorities and allocations. The Council allocated a total of \$16 million toward economic development. A little more than \$9 million of this amount has already been spent or committed with approximately \$6-\$7 million still available. From this limited pot, the Agency would like to do many things such as financing historic resources, on going grants and loans to small businesses for facade improvements, conduct various studies, etc. In recognition that there is a limited amount of money for economic development remaining and the desire to focus some of this toward the downtown, the subcommittee suggested that the Agency take \$1 million and apply it to the downtown, take \$1 million allocated for public improvements, and take \$1 million in housing funds and focus these on the downtown. It was the committee's hope that the combined \$3 million would be enough to attract interest. In discussing the first come, first serve versus the RFP approach; it was the Committee's view that they did not want to only address the first project in the door without knowing the options which may have higher priority. Therefore, the notion of the three phased request for proposal starting with a letter of interest is to make sure that every potential project is identified. The City could ask private property owners what they are interested in doing and that Council could identify other potential catalyst projects. What should be avoided is dealing with the first project that comes into the door and running out of money only to see that the next project was of a higher priority. It is the notion to get everything identified and then see what the City has to work with and allocate resources to develop some of the ideas to the next level of evaluation.

Council/Agency Member Tate referred to Action 1f addressed by Mr. DeRose. He said that had he been asked a month ago, he would have stated that he would not have recommended this action be a part of the strategy because it results in spending some funds to perform a study. However, after what the Council has been through the past few months, he felt that it was essential that the City perform a study for a specific parcel but that the Council take the lessons learned from the parcel and take the study beyond this. He noted that the City has PUDs in place in several locations. The City needs to evaluate whether the PUDs are the right ones. The lessons learned could be applied to existing and other potential PUD areas to make sure that the PUDs are in tune with the spirit and the direction of the general plan.

Council/Agency Member Sellers thanked the Council members who spent a lot of time in developing the economic development strategy guidelines. He felt that this would be the first step in moving forward at a more rapid pace. In reviewing the goals, actions and policies, there were a couple of things that caught his attention. He felt that one area that was over looked was that of creating quality jobs, diversifying and enhancing a local economic base, and enhancing/maintaining the quality of lives. He felt that there was an opportunity of assisting businesses that would serve as catalyst for other desirable businesses. He would like this to be specifically called out as an opportunity. He felt that a goal of the study should be to identify new industries and new opportunities and to some degree, focus on the ability to attract one or two new businesses. He stated that he was anxious about the industry/business analysis as there is significant value that can come out of a business and industry analysis. However, there could also be a potential for significant duplication and that there is a chance of getting a boiler plate response back. He would like to be specific as opposed to general as the City proceeds. He inquired whether there was a reason the Council may want to wait until the Council receives clarification on the role of the

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Chamber and/or the City has some of the other projects underway (e.g., await to see success of the Walnut Grove project). Also, with the leadership of the Downtown Association, they will be undertaking some of this work. He did not want the Council to assume that this had to be the next step because there may be other things that can be done that may make a survey a more valuable document. He felt that this was something that the Council/Agency should think about as well without slowing down the process. He said that the Council discussed changing membership to the economic development subcommittee. He stated that he was excited about the potential of serving on the subcommittee, noting that staff indicated that this was a rotating subcommittee.

Mayor Pro Tempore/Vice-chair Chang referred to goal 2b and inquired as to the timeframe that relates to the \$3 million downtown program.

Council/Agency Member Carr stated that he would like to see the program implemented as soon as possible and that a statement be made that the Agency would use the updated Downtown Plan to evaluate proposals.

Mayor Pro Tempore/Vice-chair Chang inquired whether an action 2f could be added to state that there is to be something for the downtown after goal 2b is achieved. She felt that it was a great idea to have \$3 million for the downtown as a starting point. She noted that funding was not identified for the other goals or actions.

Council/Agency Member Tate said that to the extent that monies have been identified relates to these actions, staff has put these into a memo that was distributed separately from the Council packet. He said that the memo contains a status report on each of the actions. In some of these actions, funding has been identified. He clarified that \$1 million comes from the unallocated economic development funds. If the analysis is conducted, funding would come from the same source. He said that the committee addressed the catalyst businesses and the importance of building upon this.

Mr. Toy said that business catalyst is part of the Business Assistance Guidelines.

Council/Agency Member Tate said that the economic development committee will be meeting this Friday and that it needs to find a way to incorporate catalyst businesses.

Council/Agency Member Carr said that every time the committee talks about the plan, it talks about leveraging the City's money. He felt that the City should be thinking about catalyst projects that leverage the City's money. He felt that this would fit nicely under policy 1b or as its own policy.

Council/Agency Member Tate agreed that the City could put out a contract and receive several boiler plate generic materials back. This was not what the committee was suggesting. He noted that Council/Agency Member Sellers suggested that it might be better to wait until after the City knows what its relationships is with the Chamber. He felt that there was a dependency on the relationship. He felt that what the Council/Agency would be asking the marketing plan to capitalize on these things. He said that at the Chamber's economic development committee meeting, Bob Martin, Media Arts, brought in some examples of these kinds of studies performed

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for the Thomas Kinkade Galleries. He said that these studies were very enlightening. If put together right, and the City asks for the right kind of analysis to be performed, the City can be assured that it would get what it is looking for. Regarding rotation of the membership of the economic development committee, he said that the committee wanted to get to the point where the Council adopted the strategy and begin the implementation. He said that within a month or so he would be willing to turn over the reigns. The committee would like to get the strategy off the ground and make sure that the committee's thoughts were implemented.

Council/Agency Member Carr stated that should the Council move forward this evening and there is the inclusion of the idea of the competition and the RFP, he would like to be a part of getting this implemented and started. He agreed that the Council should consider a rotating policy (e.g., six months or a year). The committee felt that it would be a good idea to protect existing businesses and the downtown. The question is whether the Council wants to proceed to the extent of developing a policy that requests that large retail development not be in direct competition with smaller downtown businesses.

Council/Agency Member Tate said that the committee wants the downtown to be vital and to thrive. The Committee wants to protect them from encroachment. On the other hand, he stated that this is a free enterprise system that the City is dealing with. He did not know what role city government should play in regulating free enterprise and in protecting existing businesses.

Council/Agency Member Sellers said that this is an issue that is being dealt with by quite a few jurisdictions. He did not know whether the City was following the Gilroy system to allow for businesses to come in where there is already existing businesses and a city is just recirculating dollars. He felt that the City was dangerously doing this with fast food restaurants. If the City is not going to end up with an employee base that has the same stability, benefits or other opportunities that currently exist, then the city is doing a disservice to the community, particularly in a place like Morgan Hill where the cost of living is so high. Once a city allows a business to come in that kills several local businesses, you cannot reverse the process. He noted that local businesses generate a lot more reuse of funds than larger businesses. He agreed that you never want to get into the whole issue of muddying the water to much as far as free enterprise is concerned. However, the City has a role of evening the playing field in making sure that the community's best interests are met. He felt that these are issues the Council may want to look at as it moves forward. The City would need to look at the gateway project at Walnut Grove and its relationship to the downtown; not because you will destroy the businesses downtown but that you are making these kinds of choices. The Council has to be cognizant of the fact that it is making these choices.

Council/Agency Member Carr agreed with Council/Agency Member Sellers that there is a role and place for something like this but that to the degree of what that is, he was not sure. He noted that staff will be evaluating other programs to see what is out there so that the City can get a better understanding of this.

Council/Agency Member Sellers stated that the vast majority of economic development in new business occurs without city assistance. He said that granting a large subsidy to new businesses

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becomes a public policy issue that needs to be addressed. He said that the City does not always need to throw its money into the pot to make things work. He felt that the City needs to ask if a project would proceed without city assistance and whether the city needs to be involved in order to make a business a viable project. He did not believe that the Council should always assume that the City's money is needed to make the business viable.

Mayor Pro Tempore/Vice-chair Chang said that if the City needs to provide money to attract a large retail development, the City needs to make sure that it does not over do it and hurt local businesses. However, if a business proceeds without city assistance, she felt that the City should leave the business alone to some extent. She stated that she would not be willing to assist a business that would impact local businesses.

Council/Agency Member Carr said that the strategy is more about establishing a marketing image, working with partners to do this. He said that one of the things the City needs to do is to bring things to the table to make Morgan Hill an economically vibrant area so that private industry shows a greater interest.

Mayor Pro Tempore/Vice-chair Chang felt that there was a need to get a good large retail center in the City that can meet the needs of the community and generate tax dollars versus an auto dealership.

Council/Agency Member Carr recommended that the policy A be included with action 1. He felt the City needs to be able to understand what this means by researching what other agencies do to see what will work best for Morgan Hill. He felt that the economic development strategy should try to protect the downtown plan as well.

Action: On a motion by Council/Agency Member Sellers and seconded by Council/Agency Member Carr, the Council/Agency Board, on a 4-0 vote with Mayor/Chairman Kennedy absent, <u>Adopted</u> the Draft Economic Development Strategy (EDS), with the changes and suggestions raised this evening.

Redevelopment Agency Action

OTHER BUSINESS:

19. MORGAN HILL DOWNTOWN ASSOCIATION'S ANNUAL PROGRESS REPORT

Director of Business Assistance and Housing Services Toy presented the staff report.

Dan Craig, Morgan Hill Downtown Association, presented a year end progress report on the work program. He felt that the Association has been successful in giving downtown businesses and residents a representative voice at city hall and throughout the community. The Association has established itself as a viable entity. He indicated that a membership drive has been initiated, businesses are advertising, expanded the newsletter format, developed a downtown website that will be live and will be the key to providing information to businesses and the worldwide audience.

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Within the next two months, the Association plans on returning with a detailed budget and work scope. The Association feels that it needs to come up with a realistic plan and time table for future funding and less dependency on the City.

Agency Member Tate said that he and Mr. Craig had a conversation at the Business Expo this afternoon. He indicated that he has been working with the Youth Empowered for Success (YES) organization on coming up with positive activities that youth can get involved with and perform over the summer. One of the ideas discussed was getting involved with a mural, noting that the Association listed a downtown mural. He felt that there may be a fit and that it is encouraging that the City is looking for something that the youths may want to make a contribution to.

Agency Member Sellers noted that the Downtown Association has completed quite a bit. It was indicated that the Association would be asking for fewer funds in subsequent years. He felt that next year's budget request would be similar to this year's request and would go down in subsequent years.

Mr. Craig said that the Association does not want a big drop off in funding assistance in its second year. On the other hand, the Association felt that it was necessary to start challenging itself to adapt to other sources of income. The Association would be requesting a reduced amount of funding and to do its best to live up to the terms of the three-year agreement.

Agency Member Carr stated that he was glad to see that one of the first steps to be taken by the Association was to increase its membership and to look for ways to become self sufficient. He said that one of the things he hears from individuals is that the City needs to look at newspaper racks and how to improve their appearance in town. He requested that the Downtown Association give thought to this issue.

Vice-chair Chang stated that she was driving in the downtown area and noted that some of the flags were removed. She inquired who she should contact regarding the flags.

Mr. Craig said that the flags were part of a process that the Downtown Association was going through in transitioning responsibilities. He stated that the Association is now the responsible party and that a meeting will be held next week to discuss the poles. The Association is thinking of putting the banners back up and will work with the flags. He stated that the Association will address the conditions of the flags and watch the situation more closely.

<u>Action:</u> By consensus, the Council <u>Accepted</u> the Morgan Hill Downtown Association's Annual Progress Report for Fiscal Year 2002-2003.

20. FAÇADE IMPROVEMENT PROGRAM

<u>Action:</u> At the request of the applicant, Charles Weston, this item was <u>continued</u> to May 21, 2003.

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FUTURE COUNCIL-INITIATED AGENDA ITEMS

No items were identified.

ADJOURNMENT

There being no further business, Mayor Pro Tempore/Vice-Chairperson Chang adjourned the meeting at 10:15 p.m.

MINUTES RECORDED AND PREPARED BY:

IRMA TORREZ, CITY CLERK/AGENCY SECRETARY



CITY COUNCIL STAFF REPORT MEETING DATE: MAY 21, 2003

COUNCIL RESOLUTION SUPPORTING GRANT FUNDING FOR TENNANT CREEK TRAIL, PHASE I

RECOMMENDED ACTION(S):

Adopt Resolution supporting the application for Santa Clara Valley Water District Trails, Parks & Open Space Grant Funds for the Tennant Creek Trail, Phase I.

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Prepared By:

Associate Engineer

Approved By:

Public Works Director

Submitted By:

City Manager

EXECUTIVE SUMMARY: The Santa Clara Valley Water District (SCVWD) announced a call for projects for their 2003/2004 Trails, Parks & Open Space Grant Program. The objective of the program is to provide public access trails or open space along creeks through community partnerships. Approximately \$900,000 is available annually over the next fifteen year program cycle. As with other grants, the City's proposed project would compete for funding with other local agencies. There is a 10% local match requirement.

The City's proposed project would consist of constructing a 1,400 lineal foot joint use pedestrian/bicycle paved pathway along Tennant Creek, between Dunne Avenue and Hill Road. The existing right of way is owned and maintained by SCVWD. The pathway will provide pedestrians and cyclists with a safe travel way through this developed area until the entire trail system can be constructed. The proposed future termination for the trail is Middle Road, please refer to Exhibit A. The proposed trail improvements are consistent with the City's adopted Bicycle Master Plan and the City's General Plan. Estimated construction cost is \$37,000.

This grant request was presented to and recommended by the Bicycle and Trails Advisory Committee on May 8, 2003.

FISCAL IMPACT: City matching funds are not budgeted at this time for this project. If we are successful, staff will return to Council with recommendation to appropriate \$9,000 from our unappropriated Park Development Fund for this project,

RESOLUTION NO. 5669

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING THE APPLICATION FOR GRANT FUNDS FOR THE TRAILS, PARKS & OPEN SPACE PROGRAM UNDER THE CLEAN, SAFE CREEKS AND NATURAL FLOOD PROTECTION PROGRAM/BOND ACT OF 2000 FOR TENNANT CREEK TRAIL, PHASE I PROJECT

WHEREAS, the people of the County of Santa Clara have enacted the Clean, Safe Creeks and Natural Flood Protection Program, which provides funds through the Trails, Parks and Open Space Plan for grants to local agencies and other appropriate applicants to increase public enjoyment of trails and access to public areas by the use of trails; and

WHEREAS, the Santa Clara Valley Water District has been delegated the responsibility for the administration of the program and the grant project shown above within the County of Santa Clara, setting up necessary procedures; and

WHEREAS, said procedures established by the Santa Clara Valley Water District require the Applicant's Governing Body to certify by resolution the approval of the Application before submission of said Application to the District; and

WHEREAS, the Applicant will enter into a Contract with the Santa Clara Valley Water District; now

THEREFORE, BE IT RESOLVED by the City Council of the City of Morgan Hill, to certify the project as the City's 2003/2004 BTA project candidate for possible grant funding; and

- 1. Approves the filing of an application for local assistance funds from the Trails, Parks and Open Space Plan under the Clean, Safe Creeks and Natural Flood Protection Program/ Bond Act of 2000;
- 2. Certifies that the Applicant has or will have sufficient funds to operate and maintain the Project;
- 3. Certifies that the Applicant has reviewed, understands, and agrees to the General Provisions contained in the Contract shown in the Procedural Guide; and
- 4. Appoints J. Edward Tewes, City Manager, as agent to conduct all negotiations, execute and submit all documents including, but not limited to, applications, agreements, payment requests and so on, which may be necessary for the completion of the Project.

PASSED AND ADOPTED by the City Council of Morgan Hill at a Regular Meeting held on the 21st Day of May, 2003, by the following vote.

AYES: COUNCIL MEMBERS: NOES: COUNCIL MEMBERS: ABSTAIN: COUNCIL MEMBERS: COUNCIL MEMBERS:

***** CERTIFICATION *****

I, IRMA TORREZ, CITY CLERK OF THE CITY OF MORGAN HILL, CALIFORNIA, do hereby certify that the foregoing is a true and correct copy of Resolution No. 5669, adopted by the City Council at a Regular Meeting held on May 21, 2003.

WITNESS MY HAND AND THE SEAL OF THE CITY OF MORGAN HILL.

DATE:	
	IRMA TORREZ, City Clerk



CITY COUNCIL STAFF REPORT MEETING DATE: May 21, 2003

ANNEXATION APPLICATION, ANX-02-01: COCHRANE - BORELLO I

RECOMMENDED ACTION(S):

- 1. Open/close Public Hearing.
- 2. Adopt Resolution for Annexation.

Agenda Item # 21
Prepared By:
Contract Planner
Approved By:
Community
Development Director
Submitted By:
City Manager

EXECUTIVE SUMMARY:

This application is a request to annex a parcel totaling 14.476 acres into the City of Morgan Hill. The project site is located at the east side of Peet Road between Cochrane Road and Half Road. The site is currently surrounded on two sides by the City of Morgan Hill. Therefore, inclusion of the parcels into the City limits would represent a logical adjustment of the City's boundary. In addition, under the terms of the 1984 Cochrane Road Assessment District (CRAD) court judgement, the City agreed to accept, process and approve applications for annexation and prezoning within the CRAD area.

The project site is located within the City's Urban Service Boundary. Existing water and sewer lines are available within the site vicinity, and are of sufficient size to service future development of the site. The project site is also within the established response time standard for fire service.

On March 26, 2002, the Planning Commission unanimously (7-0) recommended approval of the annexation. On May 1, 2002, the City Council approved prezoning of R-1(12,000) Single-family Low Density Residential. On September 18, 2002, the Council approved the annexation request by Resolution No. 5614, the Findings of which required certification by the Santa Clara County Surveyor's Office prior to Council approval; however, such certification had not been obtained at the time of approval, thus requiring that Council re-approve the annexation request upon certification. Such certification was officially obtained on April 14, 2003. Copies of the staff reports and minutes from the March 26, 2002 Planning Commission meeting and the September 18, 2002 Council meeting are attached for the Council's reference.

Considering that the proposed annexation represents a logical adjustment of the City's boundary, and City infrastructure and services are available to the project site, staff supports the annexation.

FISCAL IMPACT: None. Filing fees were paid to the City to cover the cost of processing this application.

RESOLUTION NO. 5670

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL MAKING DETERMINATIONS AND APPROVING THE REORGANIZATION OF CERTAIN TERRITORY DESIGNATED "COCHRANE RD. ANNEXATION No. 12", APPROXIMATELY 14.03 ACRES LOCATED ON THE EAST SIDE OF PEET ROAD, AND WITHDRAWAL OF SAID TERRITORY FROM THE SOUTH SANTA CLARA COUNTY FIRE PROTECTION DISTRICT. (APN 728-34-002)

WHEREAS, a written petition has been filed in the office of the City Clerk of the City of Morgan Hill in accordance the provisions of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, annexing into the City of Morgan Hill certain territory located in the County of Santa Clara, State of California, designated as "Cochrane Rd. Annexation No. 12" and as shown and described in attached Exhibits A & B, incorporated herein by reference; and

WHEREAS, said petition has been signed and consented to by Cochrane Road Farms, the owners of the land in the territory proposed to be annexed; and

WHEREAS, Government Code Section 56663(a) provides that if a petition for annexation is signed by all owners of land within the affected territory, the City Council may approve or deny the annexation without public hearing; and

WHEREAS, evidence was presented to the City Council;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MORGAN HILL, CALIFORNIA, RESOLVES AS FOLLOWS:

SECTION 1: The City Council of the City of Morgan Hill is the conducting authority pursuant to Section 56757 of the Government Code for the annexation of property designated "Cochrane Rd. Annexation No. 12", more particularly described in Exhibits "A" and "B";

SECTION 2: Pursuant to Sections 56800 and 56828 of the California Government Code, the City Council of the City of Morgan Hill hereby annexes to the City of Morgan Hill the uninhabited territory particularly described in the attached Exhibit "A", which is incorporated herein by reference, and hereby designated as "Cochrane Rd. Annexation No. 12".

SECTION 3: The territory is hereby withdrawn from the South Santa Clara County Fire Protection District in accordance with Section 13952 of the California Health and Safety Code (APN 728-34-002).

SECTION 4: The following Findings are made by the City Council of the City of Morgan Hill:

- a. The said territory is uninhabited and comprised of approximately 14.476 acres.
- b. The said territory is within the City's Urban Service Area as adopted by the Local Agency Formation Commission of Santa Clara County.
- c. The annexation is consistent with the orderly annexation of territory within the City's Urban Service Area and is consistent with the City policy of annexing when all city services can be provided.
- d. An expanded environmental initial study has been prepared for this application and has been found complete, correct and in substantial compliance with the requirements of California Environmental Quality Act. A Mitigated Negative Declaration has been filed.
- e. The County Surveyor has determined the boundaries of the proposed annexation to be definite and certain, and in compliance with the Commission's road annexation policies.
- f. The said territory is within the City's Urban Growth Boundary.
- g. The proposed annexation does not create islands or areas in which it would be difficult to provide municipal services.
- h. The proposed annexation does not split lines of assessment or ownership.
- i. The proposed annexation is consistent with the General Plan.
- j. The said territory to be annexed is contiguous to existing City limits.
- k. The Planning Commission on March 26, 2002, enacted Resolution No. 02-23 recommending pre-zoning the subject territory with an R-1 (12,000), Single family Low Residential zoning designation.
- 1. The Planning Commission on March 26, 2002, enacted Resolution No. 02-24 recommending reorganization of the subject territory.
- m. The City Council on May 1, 2002, enacted Ordinance No. 1558 prezoning the subject territory.
- n. The City has complied with all conditions for annexation imposed by the Planning Commission.

City of Morgan Hill Resolution No. 5670 Page 3

SECTION 5: The City Council on September 18, 2002, enacted Resolution No. 5614 approving the reorganization of the subject territory prior to certification by the Santa Clara County Surveyor, thus requiring re-approval by the City Council. Therefore, Resolution No. 5614 is hereby repealed and the annexation request is re-approved by this Resolution.

PASSED AND ADOPTED by the City Council of Morgan Hill at a Regular Meeting held on the 21st Day of May, 2003, by the following vote.

AYES: COUNCIL MEMBERS: NOES: COUNCIL MEMBERS: ABSTAIN: COUNCIL MEMBERS: COUNCIL MEMBERS:

***** CERTIFICATION *****

I, IRMA TORREZ, CITY CLERK OF THE CITY OF MORGAN HILL, CALIFORNIA, do hereby certify that the foregoing is a true and correct copy of Resolution No. 5670, adopted by the City Council at a Regular Meeting held on May 21, 2003.

WITNESS MY HAND AND THE SEAL OF THE CITY OF MORGAN HILL.

DATE:	
	IRMA TORREZ, City Clerk



CITY COUNCIL STAFF REPORT

MEETING DATE: May21, 2003

ZONING AMENDMENT APPLICATION ZA 02-15: E. Dunne-Ho

RECOMMENDED ACTION(S):

- 1. Open/close public hearing
- 2. Approve Mitigated Negative Declaration
- 3. Waive the First and Second Reading of Ordinance
- 4. Introduce Ordinance

EXECUTIVE SUMMARY: A request for approval of precise development plan and PUD development guidelines for the 3.88 acre PUD located on the north side of E. Dunne Ave. between Murphy Ave. and Condit Rd.

Agenda Item # 22
Prepared By:
Senior Planner
Approved By:
Director of Community
Development
Submitted By:
City Manager

The owner of the easterly 2.35 acre parcel, located on the northwest corner of the intersection of E. Dunne Ave. and Murphy Ave., would like to develop his property with a 30,190 sq. ft. retail/office building. Pursuant to section 18.30.050 of the Municipal code, the applicant is proposing the attached PUD master plan and design guidelines for the entire 3.88 acre PUD. Approximately 1.53 acres of the PUD are developed with a 9,570 sq. ft. strip commercial building and a 2,592 sq. ft. free standing fast food restaurant (Taco Bell).

Ordinance number 1488 currently specifies permitted and conditional uses for the PUD. The permitted uses are generally retail and office uses. Ordinance 1488 currently allows fast-food restaurants as conditional uses but also limits the number of fast food restaurants to three within the PUD. Currently, there are three fast food uses within the existing retail building plus one free standing, drive thru fast food restaurant (Taco Bell). The applicant is proposing to increase the number of (conditionally allowed) fast food restaurants to 5 but also to limit each commercial retail building (existing and proposed) to a maximum of 2 such uses. Since the existing commercial building already contains three fast food uses, the proposed building could apply for only one fast food restaurant as a conditional use. If one of the three existing fast food uses leaves the existing commercial building it could not be replaced but the proposed building could then apply for a second fast food restaurant as a conditional use.

Site plan and elevations of the proposed retail/office are included at the end of the proposed PUD guidelines which are attached to this memo. Per the requirement of ordinance 1488, the two story building is positioned on the corner of Murphy and Dunne with the parking lot located behind. Architecturally, proposed structure differs from the existing commercial building but is of a higher quality design. The proposed PUD guidelines would require any future modifications of the existing structures to conform to the higher design criteria and architectural qualities of the proposed office/retail building.

The Planning Commission discussed the site plan and PUD guidelines at their meeting on May 13, 2003 and with a 7-0 vote recommends approval of the PUD guidelines and precise development plan as proposed. Attached for the Council's reference are the Planning Commission's April 8 staff report and minutes and the May 13 staff report and draft resolution.



COMMUNITY DEVELOPMENT DEPARTMENT, PLANNING DIVISION

17555 Peak Avenue Morgan Hill CA 95037 (408) 779-7247 Fax (408) 779-7236 Website Address: www.morgan-hill.ca.gov

MITIGATED NEGATIVE DECLARATION

I. DESCRIPTION OF PROJECT: A request for approval of a precise development plan and development guidelines for a 30,190 sq. ft. retail office facility to be located on a 2.35 acre area located on the north west corner of the intersection of E. Dunne Ave. and Murphy Ave. in the PUD zoning district. The proposed precise development plan and development guidelines would also apply to the developed 1.53 acre area to the west.

Date: March 14, 2003 Application No.: ZA 02-15 & SR 02-06

East Dunne-Ho

APN: 728-17-016, 017 & 023

Address of Project: The northwest corner of the intersection of E. Dunne Ave. and Murphy

Ave.

Applicant: Mr. Wai Yan Ho

22121 Lindy Lane Cupertino, CA 94014

II. DETERMINATION

In accordance with the City of Morgan Hill procedures for compliance with the California Environmental Quality Act (CEQA), the City has conducted an Initial Study to determine whether the proposed project may have a significant adverse effect on the environment. On the basis of that study, the City makes the following determination:

Although the project, as proposed, could have had a significant effect on the environment, there will not be a significant effect in this case because mitigation measures have been added to the project, and, therefore, a **MITIGATED DECLARATION** is hereby adopted.

III. FINDINGS

Based on the findings of the Initial Study, the proposed project will not have a significant effect on the environment for the following reasons:

- 1. The project does not have the potential to significant degrade the quality of the environment, including effects on animals or plants, or to eliminate historic or prehistoric sites.
- 2. The project will not have any significant adverse impacts on traffic or land use.
- 3. The project will not generate significant adverse effects on the water, air quality, or increase noise levels substantially.
- 4. In addition, the project will not:
 - a. Create significant impacts which achieve short-term, to the disadvantage of long-term environmental goals.
 - b. Create impacts which are individually limited, but cumulatively considerable to a significant degree.
 - c. Create environmental effects which will cause significant adverse effects on human beings, either directly or indirectly.

IV. CONDITIONS See Attached Exhibit A.

ZA0215.ND.doc

David J. Biso	choff, Communit	ty Development D	irector
Date:			

Exhibit A Mitigation for ZA 02-15/SR 02-06: E. Dunne-Ho

I AIR QUALITY

- III-1. The following Basic Control Measures shall be implemented at all construction sites:
 - a. Water all active construction areas at least twice daily.
 - b. Cover all trucks hauling soil, sand, and other loose debris or require all trucks to maintain at least two feet of freeboard.
 - c. Pave, apply water three times daily, or apply (non-toxic) soil stabilizers on all unpaved access roads, parking areas, and staging areas at construction sites.
 - d. Sweep daily (with water sweepers) all paved access roads, parking areas and staging areas at construction sites.
 - e. Sweep streets daily (with water sweepers) if visible soil material is carried onto adjacent public streets.

II BIOLOGICAL RESOURCES

Owls

IV-1. After project approval, and prior to any activity that alters or disrupts surface soils on the site, the applicant shall conduct a preconstruction survey to avoid the take of individual burrowing owls. The preconstruction survey shall be conducted not more than 30 days prior to construction to assure take avoidance of burrowing owls. If owls are observed during the preconstruction survey, no impacts to the owls or their habitat will be allowed during the nesting season (February 1 to August 31). If preconstruction surveys are conducted during the non-breeding season, and if burrowing owls are observed on the site, the owls may be relocated upon approval of the CDFG once mitigation has been provided.

Trees

- IV-3. The following measures shall be implemented during project demolition to minimize potential damage to the site's 42-inch oak tree:
 - During project demolition, heavy equipment (including any excavator) shall be parked <u>outside</u> the drip line of the tree. No equipment or vehicles shall encroach on the area within the tree's dripline.
 - Any excavation within the tree's dripline shall be performed by hand.
 - Foundation footings shall be removed carefully, taking care not to damage the roots or main stem of the tree.
 - Gouges or tears to the trunk of the tree or to major roots located underneath the existing structure should be avoided by using hand labor and tools when necessary to remove debris, reducing the stress and impact on the tree.

- *IV-4.* All normal precautionary measures shall be taken:
 - Protective fencing shall be installed at the tree's dripline.
 - Aeration and deep root watering shall be performed at the dripline.
 - The tree shall be fertilized with Pentrex liquid fertilizer and Agriform slow-release pellets.
 - An organic mulch shall be applied in a 3 to 5-inch layer from the tree's root collar to its dripline.
 - No machinery shall be parked or operated within the tree's dripline.
 - No grading shall be performed with the tree's dripline.
 - No dumping of any kind shall be done within the tree's dripline.
 - *Nothing shall be attached or nailed to the tree.*
- *IV-5.* Subsequent to grading, the 42-inch oak tree shall be inspected by a qualified arborist/tree care professional for damage.
- IV-6. Roots larger than three inches in diameter that are located outside the protective fencing and which have been severed shall be clean cut and treated with fungicide.
- IV-7. The 42-inch oak shall be pruned by a qualified arborist/tree care professional, thinning approximately 20 percent and removing all large deadwood. During pruning, the canopy shall be inspected for cavities or structural problems not apparent from the ground.

III HAZARDS AND HAZARDOUS MATERIALS

- VII-1. Prior to any building demolition on the project site, construction finish materials that are suspect for containing lead-based paint shall be tested and, pending laboratory analysis, shall not be subjected to any process which renders them friable unless proper engineering controls and worker protection procedures are initiated.
- VII-2. All 55-gallon containers and 5-gallon containers that once or still contain any hazardous materials or residuals of hazardous materials shall be properly removed and disposed at appropriate facilities. In addition, all car batteries shall be removed and properly processed for disposal at appropriate facilities.

IV HYDROLOGY AND WATER QUALITY

Surface Hydrology

- VIII-1. The project applicant shall prepare and submit a hydrologic and hydraulic analysis for the project. The hydrologic study shall demonstrate that commercial uses on the project site will not result in increased runoff flows from the property to downstream storm drain facilities and will not exceed these facilities' capacities. The hydraulic study shall also show that development proposed for the project site will not increase flood hazards to surrounding properties.
- VIII-2. The project applicant shall submit final drainage plans that demonstrate that the downstream drainage facilities along the Madrone Channel can accommodate the project-related increases for a 100-year storm. The applicant shall install all necessary on-site storm drainage and detention facilities in compliance with City of Morgan Hill standards to avoid potential downstream flooding effects.

VIII-3. The Santa Clara Valley Water District shall review the final drainage plans to ensure that the drainage plans are in compliance with SCVWD standards.

Water Quality

- VIII-4. The project shall comply with the Regional Water Quality Control Board's General Construction Permit for storm water discharges associated with the US Environmental Protection Agency's (EPA) Phase II construction activities. The permit approval process involves ensuring that the following actions are implemented: a) the incorporation of water pollution control measures into the proposed project's drainage plan; b) filing a Notice of Intent to comply with the Board's requirements; c) payment of required fees; d) formulation of a monitoring plan for the project; and e) preparation of a monitoring report. The applicant shall implement Best Management Practices (BMPs) to maintain the quality of surface water runoff.
- VIII-5. Prior to issuance of grading permits, the project applicant shall submit an erosion control program that indicates proper control of siltation, sedimentation and other pollutants as per NPDES permit requirements.
- VIII-6. The project applicant shall submit final drainage plans which demonstrate that future post-development stormwater quality discharged from the project site will not degrade existing stormwater quality. Best Management Practices shall be used to maintain downstream water quality, including standard drop inlet silt and grease trap structures, detention basins, overflow collection areas, and oil and sedimentation traps.

V TRANSPORTATION

Intersection Operations

XV-1. To mitigate the project's impact at the Murphy Avenue/Dunne Avenue intersection, a traffic signal at this intersection shall be installed. The installation of the traffic signal shall be based on a warrant study conducted prior to the construction of the project. If the warrant study concludes the need for the signal, it shall be installed with permitted north/south and protected east/west left-turn phasing. With signalization, the intersection is expected to operate at an acceptable LOS C during both the AM and PM peak hours, respectively. It should be noted that this intersection is designated for signal installation in the City of Morgan Hill's General Plan.

Murphy Ave. is currently designated as an arterial (92 ft. wide ROW) in the General Plan.

The project as proposed will provide a 56 ft. dedication from center line of Murphy Ave. at the Dunne Ave. intersection. The project will be installing full improvements along the Murphy Ave. frontage: There will be a dedicated left hand turn lane, right hand turn lane, one thru lane, a bike lane and enough excess pavement to provide a second thru lane in the future.

The project's share would be covered under the city's traffic mitigation fee program, which was established to fund these improvements.

- XV-2. To mitigate cumulative impacts (2025 General Plan Buildout Conditions) at the US 101 Southbound Ramps/Dunne Avenue intersection, the project applicant shall be required to pay the project's fair share of the cost for the following improvements:
 - An additional southbound left-turn lane shall be installed at this intersection, which would provide an acceptable level of service (LOS E with 55.2 seconds of average delay) during the PM peak hour.
 - A northbound left-turn lane shall be added at the Murphy Avenue/Dunne Avenue intersection, which would provide an acceptable level of service (LOS D+ with 26.3 seconds of average delay) during the PM peak hour.

The project's share would be covered under the city's traffic mitigation fee program, which was established to fund these improvements.

Site Access, On-Site Circulation, and Parking

XV-3. Once specific retail tenants are determined, City staff shall re-evaluate the adequacy of the length of the loading zone.

Transit, Bicycle, and Pedestrian Travel

XV-4. To encourage bicycle travel to and from the site, bicycle racks shall be provided on sidewalks near retail uses.

FISCAL IMPACT: None. Filing fees were paid to cover the cost of processing this application.

ORDINANCE NO. 1620, NEW SERIES

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING A ZONING AMENDMENT TO ESTABLISH A DEVELOPMENT PLAN AND DEVELOPMENT GUIDELINES FOR A 3 LOT COMMERCIAL DEVELOPMENT ON A 3.88-ACRE PLANNED UNIT DEVELOPMENT LOCATED ON THE NORTH SIDE OF EAST DUNNE AVENUE BETWEEN CONDIT ROAD AND MURPHY AVENUE (APNS 728-17-16, 17 & 23)

THE CITY COUNCIL OF THE CITY OF MORGAN HILL DOES HEREBY ORDAINS AS FOLLOWS:

- **SECTION 1.** The proposed zoning amendment is consistent with the Zoning Ordinance and the General Plan.
- **SECTION 2.** The zone change is required in order to serve the public convenience, necessity and general welfare as provided in Section 18.62.050 of the Municipal Code.
- SECTION 3. INCORPORATING THE DEVELOPMENT PLAN BY REFERENCE.

 There hereby is attached hereto and made a part of this ordinance, a Development Plan entitled "Exhibit A East Dunne Ave. PUD," which provides development guidelines for the PUD.
- **SECTION 4.** This ordinance amends "Area 3-Allowable Uses" as contained in Ordinance 1488, to allow for a maximum of 5 fast food restaurants as conditional uses. All other provisions within Ordinance 1488 shall apply and are not replaced by this ordinance.
- **SECTION 5.** An environmental initial study has been prepared for this application and has been found complete, correct and in substantial compliance with the requirements of California Environmental Quality Act. A mitigated Negative Declaration will be filed
- **SECTION 6.** The City Council finds that the proposed PUD Overlay District is consistent with the criteria specified in Chapter 18.30 of the Morgan Hill Municipal Code.
- **SECTION 7.** Severability. If any part of this Ordinance is held to be invalid or inapplicable to any situation by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance or the applicability of this Ordinance to other situations.

SECTION 7. Effective Date; Publication. This Ordinance shall take effect from and after thirty (30) days after the date of its adoption. The City Clerk is hereby directed to publish this ordinance pursuant to §36933 of the Government Code.

The foregoing ordinance was introduced at the regular meeting of the City Council of the City of Morgan Hill held on the 21st Day of May 2003, and was finally adopted at a regular meeting of said Council on the 4th Day of June 2003, and said ordinance was duly passed and adopted in accordance with law by the following vote:

	COUNCIL MEMBERS: COUNCIL MEMBERS:	
ATTEST:		APPROVED:
Irma Torre	z, City Clerk	Dennis Kennedy, Mayor
CALIFORN 1620, New S	RMA TORREZ, CITY CL NIA, do hereby certify that the f	EOF THE CITY CLERK CERK OF THE CITY OF MORGAN HILL foregoing is a true and correct copy of Ordinance No nuncil of the City of Morgan Hill, California at thei 2003.
C	,	SEAL OF THE CITY OF MORGAN HILL.
DATE:		IRMA TORREZ, City Clerk

Ordinance No. 1620, New Series EXHIBIT A

East Dunne Avenue PUD

Morgan Hill

A Planned Unit Development

Objectives and Planning Guidelines

Prepared by

DpC

Development Process Consultants

DANVILLE SAN FRANCISCO MORGAN HILL

DpC development process consultants

East Dunne Avenue PUD

Morgan Hill

Section Four

Table of Contents

Exhibits

PUD Description and Planning Objectives	Section One
Architectural Elements and Style	Section Two
PUD Guidelines	Section Three

<u>Section One: PUD Description and Planning Objectives</u>

East Dunne Avenue serves as one of the three major freeway entrance points into Morgan Hill. The area of land extending along the north side of East Dunne Avenue between Condit Road and Murphy Avenue is the proposed *East Dunne Avenue PUD*. East Dunne Avenue PUD is designed to coordinate with existing development within the boundaries of the proposed PUD to create an attractive and inviting entrance at East Dunne Avenue.

The 3.8 acre (approximate) *East Dunne Avenue PUD* consists of a total of 3 existing parcels: Apn# 728-17-16, 728-17-17 and 728-17-23. All are zoned highway commercial and are within the city limits of Morgan Hill. Two of the parcels at the west end have developed to date. One of the properties retains a fast-food restaurant and the other a strip commercial building. To the south of the site across East Dunne Avenue is a vacant site zoned for commercial use. To the east across Murphy Avenue is a City of Morgan Hill Park. Two Fast Food Restaurants, a Service Station and Hotel exist to the west across Condit Road.

The intersection of East Dunne Avenue and Condit Road is signalized. Murphy Avenue will be signalized as well. No median break is proposed along the Dunne Avenue frontage to provide eastbound traffic ingress into the East Dunne Avenue PUD between the two intersections.

In the conceptual design of the total site we have strived to achieve the following objectives:

- Create a high quality development that will provide an elegant entry into Morgan Hill at East Dunne Avenue.
- Provide for harmonious architecture and landscape of the total site.
- Coordinate existing and proposed circulation and parking elements.
- Provide for a continuity of signage.

The intent of the PUD is to accomplish the following objectives:

1. Coordination of aesthetics:

Will provide a harmonious theme to the architecture within the PUD. Two structures exist within the proposed PUD area. The current style of the fast food building (Taco Bell) is Mediterranean style Architecture. The Strip Commercial building retains contemporary architecture that has a postmodern flavor. The

East Dunne Avenue PUD will include new development that employs an architectural style and landscaping that is compatible with Mediterranean influenced architecture when fully developed.

2. Coordination and Maintenance:

Onsite circulation is conceptually determined via the PUD site plan. This will allow for a single curb cut along East Dunne Avenue by providing a shared ingress/egress near the center of the Dunne Avenue Frontage. Interior circulation will extend throughout the PUD sites to provide access to Condit Road and Murphy Avenue. Existing and future development will coordinate to provide the needed circulation per the PUD guidelines. In addition to the circulation and parking elements, Signage and landscaping will be coordinated as well as guidelines for long-term maintenance of these features. The PUD will provide for the continual and ongoing maintenance of all signage, lighting, landscaping and parking. Prior to the issuance of a building permit for any parcel within the Condit PUD, the owner shall provide a letter to the City of Morgan Hill Planning Director stating the owner is willing to enter into a reciprocal access, parking and maintenance agreement with the adjacent owner(s).

3. Coordination of Uses:

Because of the location of the site and the multiple parcels that exist within the PUD area, the site is excellent for a variety of uses. The conceptual site plan is intended to provide a blend of uses and the formation of the PUD is intended to monitor the functional and harmonious integration of development.

Uses allowed within the PUD shall be as follows:

Permitted

Retail stores, excluding convenience markets Offices Restaurants, sit-down Personal services

Conditional

Nursery schools and daycare centers Animal care facilities Restaurant, sit down

No more than **five** fast–food restaurants; maximum of two fast food restaurants on parcel number 728-17-017, maximum of two fast food restaurants on parcel number 728-17-23 and only one drive-thru fast

food restaurant on parcel number 728-17-016. No drive-thru restaurants are allowed on parcels 728-17-17 & 23.

Any other use which the Planning commission determines to be similar to permitted or conditional uses.

Inclusion of more than one of any kind of these permitted or conditional uses in the PUD shall be allowed only upon granting of a conditional use permit finding that the additional use 1) will not result in an over-concentration of that type of use in the *Dunne Ave., Murphy Ave., and Condit Rd.* area and 2) will not preclude the establishment of other needed uses in the area.

Conditional

Nursery schools and daycare centers Animal care facilities Restaurant, sit down

No more than five fast–food restaurants; maximum of two on parcel number 728-17-016, maximum of two on parcel number 728-17-23, and only one freestanding on parcel number 728-17-017. [See City of Morgan Hill Ordinance No. 1488]

Any other use, which the Planning commission determines to be similar to permitted or conditional uses.

Inclusion of more than one of any kind of these permitted or conditional uses in the PUD shall be allowed only upon granting of a conditional use permit finding that the additional use 1) will not result in an over-concentration of that type of use in the area and 2) will not preclude the establishment of other needed uses in the area.

Inclusion of any of these conditional uses in the PUD shall be allowed only upon granting of a conditional use permit finding that the use will be consistent with the gateway and scenic corridor qualities of this PUD area. This finding shall include consideration of the quality of the proposed physical improvements to the site, the extent of outdoor activity on the site that will be visible from public rights of way and the manner in which the use is conducted on the site.

Section Two: Architectural Elements and Style

The visibility and location of this site requires that the aesthetics be of the utmost concern. The *East Dunne Avenue PUD* will incorporate Architecture with a Mediterranean character as represented through the use of the following:

<u>Architectural Detailing:</u>

The PUD retains two existing buildings at this time. The buildings have been built within the last 10 years and are contemporary structures in excellent condition. The existing fast food structure retains a Mediterranean influence in the architecture. The existing building to the northwest location of the PUD has Post Modern style architecture.

Any future development or remodel of existing structures within the PUD will be required to conform to the PUD guidelines. Future detailing will include arched entries, textured stucco appearance and the introduction of cast stone and slump block to the PUD. These same building elements will be used in the signage and landscape furniture.

Roof and Eves:

All of the existing buildings within the PUD have a tile type roof where visible. The variations that exist are S-tile, Flat or barrel. These types will be reflected on the elevations fronting the public streets throughout the PUD to provide variety yet consistency in the architecture. Acceptable colors will be terra cottas, or blended earth tones such as grays and burgundy's. Rooflines will vary in height and will incorporate a minimum of two varying roof types (i.e., hip, gable). No flat rooflines shall dominate the building elevations along Condit Road, Murphy Avenue or East Dunne Avenue.

Lighting:

Lighting attached to the buildings will augment the architecture and add another element of interest. Lighting along entry walkways, patios or featured landscape areas will conform to the architectural theme. All theme lighting will be in the patina palette or a dark bronze. Landscaping up lighting will be used.

Section Three: PUD Guidelines

<u>Architecture/Site Planning:</u>

The general aesthetic character within the PUD will be of a harmonious architectural theme. The utilization of predominant features such as gabled or hipped roofs, arches, and columns, extended eaves with decorative exposed rafters or brackets, portico entries and decorative moldings will be included on *all* buildings within the PUD. Materials including tile roofs, cement plaster, cast stone elements. This will include the following:

1. Building Massing

- a. Each building shall provide massing elements with hipped and/or gabled tile roofs on all street and freeway frontages. These elements will result in roofs of varying height and will include hipped or gabled towers, mansard roofs, full gable or hipped roofs over building massing elements. Roof elements to be integrated into the architecture and massing, and shall be extended around building corners to be expressed on the non-frontage building elevations.
- **b.** Parapet walls will have a decorative molding at least 12" high x 4" wide at the top of the walls less than 18' in height and at least 18" high x 6" wide at the top of the walls over 18' in height. See **Exhibit A-1**
- c. Primary building entries shall all be covered by a portico, canopy with columns or "porte-cochere". Sheltering element at building entries must have a supporting component that meets the ground. Secondary doors (such as doors added specifically to meet for fire exiting, electrical/mechanical closets, etc.) shall be covered by a minimum of 12". In the case of secondary doors only, awnings are also acceptable.
- Building must incorporate 3 of the following design elements at street frontages.
 See Exhibit A-2
 - 1. Arches at canopies and windows, doors
 - 2. Colonnades or architectural columns supporting canopies with tiled roofs
 - 3. Window recesses greater than 12" from wall plane
 - 4. Portico or "porte-cochere" entrances.
 - 5. Decorative metal or wrought iron railings that will complement the design of the buildings.
 - 6. Eaves with flat soffit and decorative brackets or exposed rafters with a 3 $\frac{1}{2}$ " min width and a shaped end pattern.

2. Building Details (Exterior only)

a. Walls shall have a cement plaster finish. All outside corners shall have a continuous ½"-1" radius (this does not necessarily apply to trim elements which can have sharp edges). Texture shall be one of the following:

- 1. Cement Plaster- smooth finish or sand float. Integral color plaster is encouraged but not required.
- 2. Slump stone concrete block.
- b. Trim shall be expressed with concrete, cement plaster, heavy timber wood (min. 4 x each way), terra cotta, cement plaster finish over fiberglass reinforced foam and/or cut or cast stone molding elements, or a combination of thereof. Plastic, fiberglass or metal are not acceptable materials (except in the case of flashing specifically for weatherproofing (e.g. continuous G.S.M. parapet cap with a 2' exposed vertical lip)). See **Exhibit A-3**
- c. Architectural columns will have detailed bases and capitals expressed with concrete, cement plaster and/or cut or cast stone molding elements. Architectural columns shall be exposed concrete, cut or cast stone, or a combination of thereof. Plastic, fiberglass, foam or wood is not acceptable material. See **Exhibit A-4**
- d. Roof eaves will have a decorative gutter with either a half-round. Downspouts on building frontages may be concealed in building walls. If there are any exposed downspouts on any elevations they will be treated decoratively with round downspouts, decorative leaders and decorative straps. See **Exhibit A-5**
- e. Roof overhangs will include either eaves with paneled flat soffit and decorative brackets or exposed rafters with a 3 ½" min width and a shaped end pattern. Underside of any exposed roof sheathing will be rough-sawn tongue and groove. Rough sawn plywood is not acceptable. Attic/soffit vents in eaves will not be exposed holes in blocking between rafters. Attic/soffit vents shall be one of the following:
 - 1. Continuous 2" soffit vents.
 - 2. Prefabricated G.S.M. mansard vents. These seen from any street level, nor shall they daylight above any parapet/ridge line/etc.
- f. Heavy timber outriggers, exposed beams, etc. if applicable shall have minimum dimension of 6" wide by 14" high. Exposed rafter tails shall have a minimum dimension of 4" wide by 6" high
- g. Doors and windows shall be recessed (2" min.) prefabricated window assembly with a traditional stile (Andersen or Pella are acceptable brands). Primary entry doors shall have at least 50% glazing. "Storefront" window/door assemblies are only acceptable if they satisfy one of the following:
 - Window/door assemblies shall be recessed at least 8" from the wall and not extend continuously more than 16' measured horizontally. At least 2' of solid wall and/or architectural treatment shall separate window/door assemblies executed in this manner.

- 2. Running (continuous) "storefront" assemblies (beyond 16') are allowed only if they are completely covered and setback at least 6' from the face of either an architectural element (such as a tower element) or a running colonnade. Awnings may be added, but do not count towards the 6' criteria. Columns in colonnades may not be more than 18' apart (O.C.). Column legs for architectural elements shall not have openings of more than 16' measured horizontally. Architectural glazing divisions are encouraged. Continuous ground (finish floor) to head glazing is not acceptable and shall include at least one continuous division at 24" to 36" above finish floor (i.e. a continuous "chair rail").
- 3. Door or windows that are only recessed 12" or less shall be highlighted by the use of accent trim (e.g., molding, pop-out or wood trim). The design will be complimentary to the architectural theme of the building. See **Exhibit A-6**.
- 4. Reflective glazing and/or spandrel glazing shall not be used. Green or Blue tinted glazing shall not be used.
- h. Balcony/Stair assemblies shall either be cement plaster with trim, true wrought iron or a combination of cement plaster, concrete elements, wrought iron and/or clay pavers. Guardrails/handrails shall have a shaped traditional profile with decorative brackets. Under no circumstance will a tube steel or steel pipe assembly is acceptable for guardrail/handrail assemblies.
- i. Decorative metal works for signage, information kiosk, lighting, etc. are encouraged. Wrought iron is acceptable for these purposes, but may be mixed with other metals (such as bronze, copper, etc.) for decorative effect. Also, mixed assemblies of wrought iron with cut sheet metal, metal meshes, etc. for decorative effect is acceptable. In such cases, the wrought iron shall still be at least 50% of the assembly. Wrought iron shall be finished either with traditional methods, anodized (if bronze or copper, patina may be applied) or painted black.
- j. Roof materials at visible roofs shall be clay barrel shaped roof tiles (2 piece) or clay barrel shaped w/flat roof tiles (2-piece). Colors shall be blends of earth tone colors. Glazed tile will be satin finish.
- k. Building Colors will be from the approved color palette. Building under 12,000 square feet will have a maximum of 2 body or field colors and 2 trim colors. Building over 12,000 square feet will have a maximum of 3 body or field colors and 2 trim colors.

- Structures will incorporate breaks in horizontal and vertical planes by stepping or staggering setbacks, protruding or recessed covered entries and recessing windows to provide substance and scale. Vertical heights greater than 25' and horizontal lengths greater than 30' shall be interrupted by a plane shift or architectural design element that may include decorative moldings, change of materials (i.e. stone or exposed pigmented concrete), columns, pilasters or arbor work.
- m. All exterior wall elevations will have architectural treatment. No building surface will have a flat void surface of more than 20' in length measured horizontally without architectural treatment.
- n. Gutter and down spouts shall be located to the wall where facing a street frontage. All gutters and down spouts that cannot be located to the wall will blend into façade to which it is attached, unless used as a design element, in which case will be consistent with the color scheme of the building.
- 3. No franchise architecture is permitted.
- 4. All buildings will provide public access.
- 5. Mechanical equipment will not be visible on the exterior wall surface of a building.
- Roof mounted mechanical, ducting, utility equipment and similar
 equipment/assemblies shall not daylight above any portion of the lowest roofline or
 parapet wall and out of public view. Acceptable screening is shown in *Exhibit A-7*.
- 7. All outdoor storage of goods, materials or equipment will be visually screened up to 8 feet in vertical height. The screening will be designed as an integral part of the building design and shall be constructed with materials consistent with the buildings on the site. Chain link fencing of any type is not an acceptable manner of screening.
- 8. Fire sprinkler risers shall be located within buildings unless otherwise required by the Fire Department.
- 9. Electrical switchgear, panels, etc. shall be located within the building. Prefabricated electrical sheds are not acceptable.
- 10. All roof/attic access ladders shall be located inside the building. Access panels, doors, ladders shall not daylight above any portion of the lowest roofline or parapet wall and out of public view.
- 11. Pad mounted transformers will be screened with landscaping.
- 12. Back flow preventors, post indicator valves and all similar devices will be located underground or to the rear of the site and screened with landscaping.

- 13. All fire sprinkler risers shall be fully inside each building. Method, device and/or assembly for monitoring purposes shall be determined and approved by the Building & Fire Departments.
- 14. Fire alarms shall be in a location as approved by the architect. Prior to installation, the Fire Protection contractor shall submit plans to the architect for written approval.
- 15. Trash enclosures will be constructed of 8" minimum solid grouted masonry material, with exterior finish and detail consistent with the buildings on-site and will be a minimum 6 feet in height, with solid view obstructing gates. Interior of enclosures shall be painted to match exterior. Covered trash enclosures shall have exposed rafters with decorative shaped rafter tail design. Trash enclosures shall be located in inconspicuous locations and screened with landscaping. Acceptable Trash enclosures are shown in *Exhibit A-8*.
- 16. Fences, if applicable, will be wrought iron, bronze or similar forged metal. If used with masonry columns, the spacing of the masonry columns shall be 20' O.C. max. They may be combined with solid walls, trim elements, etc. Fences to be painted black. Anodized or cured (close to black). Masonry column finish, color and detailing to match the building. See **Exhibit A-9**.
- 17. Approved address numbers will be placed on all new and existing buildings as to be plainly visible and legible from the street. Address letters to be 8" high. Placed over the entry doors unless required by the approving agencies to be placed elsewhere. Address will also be placed upon the monument signs. The size and locations of addresses shall be approved by the fire department.
- 18. Provisions for connecting driveways and walkways with adjacent property owners will be provided with each design. Pedestrian connections between the street sidewalks as well as between buildings will be a decorative paving. This is to be one of the following:
 - 1. Interlocking pavers.
 - 2. Stamped concrete with integral color or stained finish.
 - 3. Scored concrete with integral color or stained finish.
 - 4. Saw cut concrete with integral color or stained finish.
- 19. Parking lots are to be designed to include curb planters around landscaping.
- 20. Uses within the PUD that utilize shopping carts will provide indoor storage of the carts and will provide for the collection areas throughout the parking lot within 75' of the primary building entrance and centrally located throughout the parking field.
- 21. Vending machines, rides, newspaper racks or any coin-operated devices are not to be placed on the exterior of any buildings in the PUD.
- 22. Articulation must be provided on all sides of the buildings.

23. All plans to be subject to approval by the City of Morgan Hill's Architectural Review Board and by the City of Morgan Hill.

Landscaping

Design criteria for landscaping shall be consistent throughout the PUD. Each development within the PUD shall follow the requirements contained herein when preparing their landscape plans. The general characteristics of the plant palette for the PUD shall provide a combination of year round color and textural interest. The Theme Plant List Palette is provided as a basis for plant selection for all site design. There are specific plant selection criteria for the street frontages within these guidelines. Plant selection for the building site area (within the frontages) there will be discretion for use of additional under-story plants not provided within the theme list. All site trees must, however, be selected from the PUD theme list provided. Palms will be restricted to potted accents. Cycus revoluta (Sago Palm) may be used as an under-story plant on building site area.

- 24. PUD Theme Plant List Palette
- a. Large Canopy Deciduous Trees
 - Fraxinus oxycarpa "Raywoodii" (Raywood Ash)
 - Pistacia chinensis (Chinese Pistache) *
 - Platanus acerifolia (London Planetree) *
 - Pyrus calleryana "Aristocrat" (Aristrocrat Pear)
 - Quercus lobata (Valley Oak)
 - Quercus palustris (Pin Oak)
- b. Broadleaf Evergreen Trees
 - Geijera parviflora (Australian Willow)
 - Nerium oleander (Standard)
 - Quercus agrifolia (Live Oak) *
 - Quercus ilex (Holly Oak)
 - Ulmus parvifolius (Chinese Elm)
- c. Coniferous Trees
 - Cedrus deodara (Deodar Cedar)
 - Pinus pinea (Italian Stone Pine)
 - Sequoia sempervirens "Aptos Blue" (Coast Redwood)
- d. Accent Trees
 - Cupressus sempervirens (Italian Cypress)
 - Lagerstroemia species (Crape Myrtle) *

- Prunus cersifera "Krauter Vesuvius" (Purple-Leaf Plum)
- Prunus serrulat (Flowering Cherry)
- Lagerstroemia f. "Tuscarora" (Rose Crape Myrtle)
- Pistacia chinensis (Chinese Pistache)
- Platanus a. "Yarwood" (Yarwood Plane Tree)
- Pyrus calleryana "Bradford"
- Sygrus romanzoffianum "Queen Palm" (pot)
- Photinia fraseri (Standard)

e. Large Shrubs

- Ceanothus species (Wild Lilac)
- Eleagnus pungens (Silverberry)
- Escallonia species (Escallonia) *
- Heteromeles arbutifolia (Toyon)
- Ligustrum japonicum (Wax-Leaf Privet) *
- Nerium oleander (Oleander)
- Photinia fraseri (Photinia) *
- Pittosporum species (Mock Orange)
- Prunus caroliniana (Carolina Laurel Cherry)
- Viburnum tinus "Spring Bouquet" (Laurustinus)
- Xylosma congestum (Shiny Xylosma) *

f. Shrubs

- Abelia species (Abelia)
- Arctostaphylos species (Manzanita)
- Buxus japonica micro "Green Beauty" (Japanese Boxwood)
- Ceanothus species (Wild Lilac)
- Cistus species (Rockrose)
- Escallonia species (Escallonia)
- Lepsospermum "Gaiety Girl" (New Zealand Tea Tree)
- Grevilea "noellii" (Grevillea)
- Nandina domestica "Compacta" (Compact Nandina)
- Pittosporum species (Mock Orange)
- Rhaphiolepis species (India Hawthorn)
- Rosa Meidiland (Meidiland Bush Rose)
- Rosmarinus "Tuscan Blue" (Tuscan Rosemary)
- Dietes bicolor (Yellow fortnight Lily)
- Escallonia "Terri" (Escallonia"
- Euryops p. Viridis" Green Euryops
- Ligustrum j. "Texanum" Texas Privet

- Nandina "compacta" Heavenly Bamboo
- Pennisetum Rubrum "Fountain Grass"
- Phrmium tenax New Zealand Flax
- Photinia fraseri "Photinia
- Podcarpus m. "Maki" Shruby Yew Pine
- Strlizia reginae Bird of Paradise
- Xylosma c. "Compacta" Shiny Xylosma

g. Accent Shrubs / Perennials

- Agapanthus africanus (Lily-of-the-Nile) *
- Camelia species (Camelia) *
- Dietes species (Fortnight Lily) *
- Euryops pectinatus (Euryops) *
- Hemerocallis species (Daylily) *
- Lavandula augustifolia (English Lavender) *
- Phormium tenax (New Zealand Flax) *
- Tulbaghia violacea (Society Garlic) *

h. Vines & Espaliers

- Ficus pumila (Creeping Evergreen Fig)
- Gelsemium sempervirens (Carolina Jessamine)
- Hardenbergia violacea (Hardenbergia)
- Parthenocissus tricuspidata (Boston Ivy)
- Solanum Jaminoides (Potato Vine)
- Pyrus kawkami (Espalier Evergreen Pear)
- Podocarpus gracilior (Espalier Fern Pine)

i. Ground Cover

- Arctostaphylos "Point Reyes" (Manzanita @ 36" o.c. spacing) *
- Cotoneaster "Lowfast" (Lowfast Cotoneaster @ 42" o.c. spacing)
- Juniperus sabina "Broadmoor" (Broadmoor Juniper @ 36" o.c. spacina) *
- Rosmarinus "Huntington Blue" (Prostrate Rosemary @ 36" o.c. spacing) *
- Vinca minor (Dwarf Periwinkle @ 24" o.c. spacing) *
- Armeria Maritime Pink Common Thrift
- Heuchera sanguinea Coral Bells
- Iberis sempervirens Candy Tuft
- Lantana montevidensis Purple trailing lantana
- Grass Lawn Dwarf Tall Fescue

- Myoporum parvifolium Myoporum
- Tracelospermum jasminoides Star Jasmine
- Ribes viburnifolium Evergreen Currant
- Parthenocissus tricuspidata Boston Ivy
- j. Turf Lawn

All turf areas shall be Dwarf-Tall Fescue-blend sod rools.

Symbols: * Tree qualifies as a street frontage Tree.

25. A minimum of 30-foot wide landscape area (excluding any planting in the right-of-way) shall be provided adjacent to the Condit Road, E. Dunne Avenue and Murphy Avenue frontages

26. Minimum Tree Requirements

- a. Road Frontages: Trees shall be installed within 30-foot wide frontage along the public streets at an average ratio of one (24" size) tree per 30 lineal feet, with no spacing exceeding 60 feet. Tree compositions shall be in informal massing, not arranged in linear patterns at repeated intervals. Any tree installed in addition to the requirements may be a minimum of 15-gallon size. Tree selection shall consist of equal ratios of deciduous and broadleaf evergreen trees. Refer to Theme Plant List for species selection.
- b. Building Site Area: Trees shall be installed at a minimum of one tree per (5) parking stalls selected from the Large Canopy Tree or Broadleaf Evergreen Tree list to maximize shade value. Trees provided within all the road frontages apply towards this total quantity. In adjacent parcels, selected from the Broadleaf Evergreen Tree list. All trees installed on building site shall be 15-gallon minimum. With the exception of accent trees, a minimum ten percent of trees installed in each parcel within the PUD will be Live Oak (Quercus agrifolia).
- 27. Shrubs Requirements. All large and medium-size category shrubs shall be a minimum of 5-gallon size. All accent shrubs; ground cover and perennials shall be a minimum of one-gallon size. Annual color beds are allowed for accent locations. Vines and espaliers shall be a minimum of 5 gallon, with exception to Creeping Fig and Boston Ivy, which may be one-gallon size. Large shrubs and vines shall be incorporated to screen trash enclosures and transformers.

- 28. Trees will be planted in a grouping or clustering pattern. Trees within the open space areas will be located and planted with a "staggered" appearance to avoid a linear or row look.
- 29. Landscaping, a minimum of 5 feet in width will be placed adjacent to a minimum of 50% of the building's perimeter.
- 30. Landscape material shall be used to highlight building entries and pedestrian paths to create a focal point and divert persons to the building entrance.
- 31. Provide a planting scheme that is in harmonious transition with the existing adjacent landscapes as they occur. Complimentary tree species and ground plane treatment shall flow from parcel to parcel to reinforce the dissolve of property edges along the frontages.
- 32. Street Frontage shall have not more than 75% turf cover, with the balance of ground plane being shrub and ground cover area. Ground cover shall be planted in all "non-turf" planting areas within the 30-foot wide frontage planting area. Refer to plant palette for spacing.
- 33. Planting along the street frontages shall not exceed 30 inches in height within sight lines of driveway access. Any frontage mounding and /or screen planting shall recede to meet the sight line requirement.
- 34. All landscape areas provided (with the exception of areas adjacent to public streets) shall have the following minimum widths.
 - a. The north property line planters will have a minimum width of 10 feet. Interior property line where landscaping is provided will have a minimum width of 5'. Combined with the adjacent development the 5-foot width will result in an overall minimum of 10-foot perimeter landscape area.
 - b. Interior landscape planters shall be provided between contiguous parking stalls at a maximum ratio of one planter per 10 stalls. These planters shall be 10 feet minimum in width and include a 1-foot wide strip of concrete adjacent to the curb on each side of the planter. This will result in a net landscape area width of 7 feet.

- c. Planters at the end of the parking rows shall be 7 feet minimum in width and include a 1-foot wide strip of concrete adjacent to the curb of the automobile side of the planter. This will result in a net landscape area of 5 feet.
- 35. Landscaping along the street frontages is to achieve an undulating 2 feet to 3 feet high screening effect. This may be achieved by a combination of mounding and planting resulting in the undulating screening height.
- 36. All landscaping areas adjacent to parking and drive isles shall have a 6-inch minimum high curb.
- 37. An automatic sprinkler system shall be installed for all landscaped areas. Low flow irrigation systems are encouraged. Water conservation techniques shall be incorporated into all landscape plans. Drought resistant and water conserving plants shall be considered.
- 38. Landscaping to be installed at building entrances will be box size and /or accent trees with a minimum height of ten feet and a crown width of four feet.
- 39. Any improvements made to existing landscaping within the PUD will be required to conform to the PUD landscape guidelines.
- 40. The City of Morgan Hill Community Development Department will not permit any tree removal, trimming or any significant landscape alterations within the PUD without prior approval.

Lighting:

- 41. Site lighting at street frontage (within 30') will match the decorative acorn style fixture and pole. These fixtures will extend along the pedestrian connection between the street sidewalk and the building entry as well as along pedestrian connections to adjacent buildings.
- 42. General parking lot lighting will be consistent throughout the PUD and will be high-pressure sodium. The maximum height of the lighting will be 20 feet. Lighting within 100 feet of residential zoned property will be limited to a 15' height. Color of fixture and pole to be dark bronze or black.
- 43. No roof mounted lighting or floodlights will be placed above the eaves of the buildings.

- 44. All general parking lot lighting will be shielded and directed in such a manner as to not produce harmful affects upon neighboring property.
- 45. The lighting for all of the uses within the PUD will be subject to Review and approval of the City of Morgan Hill.
- 46. Building mounted lighting to be a traditional or historical style to complement the architecture. See **Exhibit A-10**
- 47. No neon lighting/signage will be placed within framed area of windows.

Parking and loading:

- 48. Parking shall be screened from public view through the use of berming, hedge row planting, shrubs, trees, fences or walls, or any combination thereof, providing that no more than 35% of the total screening shall consist of fences or walls. At time of installation, shrub plantings shall be minimum 5-gallon size.
- 49. No angled parking or one-way drive aisles shall be utilized in the parking lot.
- 50. Parking areas will be designed to include provision for pedestrian walkways to provide access to building entrances. Walkways that cross traffic lanes shall have special design features such as raised and/or textured pavement, colored concrete, or combination thereof. Walkways will be provided through landscaped areas to protect landscaping from foot traffic damage.
- 51. Parking areas of adjoining properties will be located to utilize reciprocal access and shared parking whenever possible.
- 52. Loading areas and docks will not be located adjacent to or readily visible from Condit Road, E. Dunne Avenue or Murphy Avenue. A solid wall architecturally compatible with the building shall screen loading areas along these frontages. This wall shall be screened with landscaping consisting of either a planter or vines.
- 53. Truck deliveries will be limited to 7 a.m. to 7 p.m., Monday through Saturday.
- 54. Parking lots will be designed to provide for a safe and efficient movement of vehicles between properties by providing joint access easements whenever possible. Cross access easements and drive aisles will be provided throughout the PUD.
- 55. Drive aisles will allow for complete circulation within the PUD, with sufficient width for emergency vehicles, and shall not include dead end drive aisles.
- 56. Adequate auto stack-up areas will be designed to permit a minimum of two cars to enter the parking lot area without obstructing either street through traffic or vehicle

backup areas within the parking lot. A minimum 40' stacking distance will be provided between the curb and the first parking space for this purpose.

- 57. The number of curb cuts connecting the site with collector or arterial streets shall be minimized. Mutual access easements and mutual driveways will be used to minimize paved areas and curb cuts.
- 58. A minimum 5-foot wide walkway or landscaping will be provided around architectural features to provide a visual of pedestrians crossing into the drive aisle from the building fronts where applicable.
- 59. Access to property and circulation shall be safe and convenient for pedestrians, cyclists, and vehicles. Vertical and horizontal sight lines shall be sufficient to ensure safe vehicular and pedestrian movements.
- 60. Parking will be provided in accordance with the City of Morgan Hill zoning ordinance relative to the type of use. However, in consideration of the reciprocal access and shared parking for properties within the PUD a reduction in required parking may be considered by the City of Morgan Hill predicated upon the following:
 - a. A reduction based upon storage and non-public areas may be considered.
 - b. The installation of bicycle racks.

Signage and displays:

The purpose for a sign program for the *East Dunne Avenue PUD* is to provide guidelines for signage that will insure that all signage throughout the PUD will be uniform. Signs will be of high quality materials and consistent with the architectural theme of the PUD. Existing businesses within the PUD currently have monument signs within the landscape area at along road frontages shall comply with the new program when any major change is made to an existing sign. The design of monument signs should blend with the architecture of the building. Stucco, cast stone or slump block will be used on the monument signs when used as an accent on the main structure.

61. Signs shall have design elements consistent with the Architectural theme of the building. Signs shall be monochromatic within each work except in the case of logo boxes. Individually mounted channel lettering and logos shall be utilized for building and monument signs. The use of the same color as an adjoining tenant is to be discouraged. All sign applications will be considered on a case by case basis and must be reviewed and approved by The City of Morgan Hill Community Development Department prior to installation. See Exhibits attached by "New Directions" sign company, as amended by the Architectural Review Board for attachment details.

- 62. A maximum of three monument freestanding signs [1 per parcel] shall be allowed at the street frontages. The allowable monument sign area shall be one [1.0] square foot per foot of building frontage with a maximum sign area of 48 square feet on each side. The monument sign will display the major tenant of each parcel. The street address may be placed upon this sign in 6" minimum high letters
 - a. The monument sign shall be a maximum of 6 feet in height and shall be located within the 30-foot landscape buffers. The base of this sign may be set upon a 2 foot high mounded berm in which event the top of this sign may be 6 feet above the city sidewalk opposite the sign location.

 See **Exhibit A-11** and exhibit attached by "New Directions" sign company as amended by the Architectural Review Board.
- 63. Wall mounted signage shall have a maximum allowable area of one square foot for each lineal foot of building frontage nor exceed 80% of the width of the frontage, or leasehold, where the signs are to be installed. Wall mounted signs and logos shall be allowed along the building elevations fronting Condit Road, East Dunne Avenue and Murphy Avenue and buildings north facing elevations. The allowable area for each frontage shall be calculated separately based upon the lineal footage of the wall facing the street to which the sign is to be mounted. Wall mounted signs and logos may be externally illuminated. See Exhibits attached by "New Directions" sign company, as amended by the Architectural Review Board.
- 64. The use of indirectly illuminated corporate logos and trade style shall be permitted provided such logos or trade styles are within the allowable sign area.
- 65. No signage shall be placed/attached above the eaves or roofline of the building.
- 66. All wall-mounted signage on APN 728-17-017 facing the residential zone property shall be mounted at a twelve feet maximum height.
- 67. The illumination of all sign components shall be uniform in intensity over all of the illuminated surfaces. No noticeable spots or shadows will be permitted.
- 68. Tenants shall not place, construct, or maintain within the PUD any advertisement media, including searchlights, flashing lights or loudspeakers. Signs that are moveable or transportable (placed on vehicle or pedestrian traffic areas) will not be allowed.
- 69. One flagpole shall be allowed. The flagpole may include ground lighting.
- 70. Signage attached or painted onto windows will not be allowed with the exception of the Holiday season.
- 71. Signage guidelines will apply to all parcels/buildings and/or tenants that currently exist or proposed within the PUD.

Utilities:

- 72. All future development applications for storm water detention and the appropriate utility and public service providers shall be subject for review and approval by the City of Morgan Hill. Storm water detention will be provided for each parcel in accordance with the City of Morgan Hill drainage ordinance. Storm water detention may be achieved by detention pond(s) on or off site, below ground enlarged pipe systems on site, or combination thereof. No detention pond will be allowed within the required thirty-foot wide landscape buffer along Condit Road, East Dunne Avenue and Murphy Avenue.
- 73. All above grade utility devices such as fire service detector checks and backflow preventors will be screened with berms and landscaping. In addition all above grade utility devices such as fire service detector checks, fire department connections and backflow preventors placed within the Condit Road landscape buffer area will be painted a uniform color to lessen visibility, and these facilities shall be installed as low as the codes allow.
- 74. Transformers shall not be placed within the East Dunne Avenue landscape buffer area and shall be screened with landscaping material.



CITY COUNCIL STAFF REPORT MEETING DATE: May 21, 2003

FILLING UPCOMING VACANCY ON THE MOBILE HOME RENT COMMISSION

Council Services & Records Manager/ City Clerk

Submitted By:

Agenda Item # 23

Prepared By:

City Manager

RECOMMENDED ACTION:

- 1. Appoint a Council Subcommittee to Interview to fill Vacancy(ies) on the Mobile Home Rent Commission;
- 2. Direct staff to schedule interview of applicant(s) by full Council; or
- 3. Reappoint Mark Moore to serve a two-year term, expiring June 1, 2005.

EXECUTIVE SUMMARY:

Two vacancies on the Mobile Home Rent Commission will occur on June 1. Mark Moore's term on the Commission will expire on June 1. Mr. Moore currently serves as the Mobile Home park tenants' representative, has served on this Commission since 1986, and has submitted an application for reappointment. The other vacancy, the representative for the Mobile Home Park owners, has remained vacant for several years. Staff has not received an application to fill this vacancy as defined by Section 2.64.010 A. of the Municipal Code

To date, only Mr. Moore's application has been received to fill the upcoming vacancies. As there has only been one application submitted, the City Council may wish to appoint a Council subcommittee to interview Mr. Moore with the subcommittee returning to the full Council for appointment recommendation, or request that staff schedule an interview by the full Council. Should the Council not believe that an interview of Mr. Moore is necessary, the Council may wish to consider reappointing Mr. Moore to another two year term, expiring June 1, 2005. Mr. Moore's application is attached for Council reference. The Council may wish to indicate whether Mr. Moore will continue to represent the mobile home tenants, if reappointed, as Mobile Home Rent Commissioner John Liegl also resides in a mobile home park.

FISCAL IMPACT: No budget adjustment is required.



CITY COUNCIL STAFF REPORT MEETING DATE: May 21, 2003

TITLE: City Co-Sponsorship with the Morgan Hill Sister City Committee for "Jazz on the Green" Concert

RECOMMENDED ACTIONS:

Approve a City co-sponsorship/promotion with the Morgan Hill Sister City Committee of the "Jazz on the Green" concert.

EXECUTIVE SUMMARY:

The Morgan Hill Sister City Committee (MHSCC) is seeking City Council cosponsorship/support in promoting Britton Middle School Jazz Band's "Jazz on the Green" concert which will take place in the Amphitheater at the Morgan Hill Community and Cultural Center on the evening of Friday, June 6^{th.} "Co-sponsorship" by Morgan Hill will allow promotion of the event in the City's newsletter, <u>City Visions</u>. MHSCC is not seeking funding from the City for this effort. The MHSCC has already paid for the rental of the Morgan Hill Community and Cultural Center facilities.

The MHSCC is sponsoring the event; first, for the enjoyment of our residents; and secondly, to raise money to help send the Britton musicians to Morgan Hill's Italian Sister City, San Casciano as part of their European tour in the summer of 2004. The event will also provide a platform for the MHSCC to increase its visibility within the community and to meet its goal of establishing cultural and economic interactions with our Sister Cities.

The concert, which has the potential to become an annual event, is intended to display the talents of award winning school bands. This year, Morgan Hill's Britton and San Jose's Buchser middle school jazz bands will entertain.

FISCAL IMPACT:

None.

Agenda Item # 24
Prepared By:
BAHS Analyst
Approved By:
BAHS Director
Submitted By:
City Manager



CITY COUNCIL STAFF REPORT MEETING DATE: May 21, 2003

TITLE: Morgan Hill General Plan: Review of Effect of Growth

Rate on Traffic Impacts

RECOMMENDED ACTION (S):

- 1. Review and discuss the implications of the effect of the City's rate of growth on traffic impacts.
- 2. Direct staff to include with the next amendments of the General Plan a policy establishing a level of service standard for unsignalized intersections

EXECUTIVE SUMMARY: The attached April 22, 2003 staff report to the Planning Commission addresses the projections for the City's population and non-residential development used in preparing the General Plan. The full amount of new development anticipated by the City's General Plan exceeds the

Agenda Item # 25

Prepared By:

Contract Planner

Reviewed By:

Community
Development Director

Submitted By:

City Manager

projected development assumed for the year 2025 in the General Plan's Environmental Impact Report (EIR) traffic analysis. The City has received, and will continue to receive, development applications for more floor area or dwelling units in a particular area than assumed in the General Plan's EIR. This may result in traffic impacts at certain locations to be greater than projected by the General Plan EIR. Conversely, traffic impacts at other locations may be less than projected. The attached information is provided as background and will be relevant to some development applications and other land use/transportation issues that will come before the Council.

The General Plan includes a level of service standard for signalized intersections (Circulation Policy 3d) but does not have a standard for unsignalized (e.g. stop sign controlled) intersections. Staff and the Planning Commission recommend that the City initiate an amendment of the General Plan to establish a level of service standard for stop sign controlled intersections.

FISCAL IMPACT: There is no immediate fiscal impact from this report and initiating a General Plan amendment to establish a level of service standard for unsignalized intersections. The longer term implications of growth exceeding that assumed in the General Plan is that the City's traffic mitigation fee may have to be modified to address the cost of additional traffic mitigations.



MEMORANDUM

To: PLANNING COMMISSION

Date: April 22, 2003

From: COMMUNITY DEVELOPMENT DEPARTMENT

Subject: Morgan Hill General Plan: Review of Land Use Projections and Density

Assumptions

REQUEST:

Planning Commission review and discussion of the issue is requested and offer any suggestions or recommendations to the City Council.

RECOMMENDATION:

The primary purpose of this report is to provide information to the Planning Commission and City Council. Any Planning Commission comments or recommendations will be forwarded to the City Council.

SUMMARY: The General Plan adopted by the City in July 2001, and related Environmental Impact Report (EIR), incorporate projections for the City's population and square footage of non-residential development in 2025. These assumptions were used in the EIR's traffic impact analysis. The full amount of potential new development allowed by the City's zoning exceeds the projected development levels assumed for 2025 in the General Plan. The City has received, and will continue to receive, development applications for more floor area or dwelling units in a particular area than assumed in the General Plan EIR. Review of these development applications may identify traffic impacts and raise issues not addressed in the General Plan and the General Plan's Environmental Impact Report. This staff report is provided primarily as background information that will relate to some development applications and other land use/transportation issues that will come before the Commission. The General Plan has a level of service standard for signalized intersections (Circulation Policy 3d) but does not have a standard for unsignalized e.g. stop sign controlled) intersections. It is recommended that the City initiate an amendment of the General Plan to establish a level of service standard for stop sign controlled intersections.

<u>**DISCUSSION**</u>: General plans usually have a fifteen to twenty year time horizon. Cities such as Morgan Hill, which have vacant land both within and adjacent to the City, face the likelihood of residential and non-residential growth beyond the plan's time frame.

The General Plan has projections for the number of residents in 2020 and employees in 2025. Population is projected to grow from 33,092 in 2000 to 48,000 in 2020 (General Plan page 25, attached). The employment projections use 1997 as the base year and project to the year 2025. Total employment was 14,360 in 1997 and is projected to reach 35,190 in 2025. Employment projections are made for five economic sectors with the greatest growth in the Research and Development and Retail Commercial sectors (General Plan page 55, attached). Population and employment growth are translated into the amount of land to be built upon by using standard factors of population and employment per acre. Table 2, on page 14 of the General Plan (attached), identifies the amount of acres within the Urban Growth Boundary for 13 categories of development.

The 2025 traffic model used in the Plan's EIR thus did not include all potential development allowed under City regulations. The attached table identifies the amount of potential development beyond that assumed in the 2025 traffic model and the year it would take to build out the development, based on projecting forward the annual rate of development assumed for the General Plan. The amount of development beyond that assumed in the General Plan Environmental Impact Report (EIR) was calculated by taking the remaining amount of under developed or vacant land and applying standard residential or employment density assumptions to identify potential dwelling units or non-residential development. "Under developed" means being used for an activity that is substantially less valuable than the planned land use (e.g. land containing agricultural outbuildings designated for Industrial or Single Family development). In summary, the General Plan's transportation analysis assumed, but did not analyze, substantial development potential beyond 2020 with most of this potential on land currently within the City and allowed by the City's current zoning regulations. The majority of vacant or under developed land is located either immediately east of Highway 101 or west of Highway 101 along either side of Tennant Avenue, Butterfield Boulevard and Cochrane Road.

Traffic models are based on geographical areas called Traffic Analysis Zones (TAZs). The Morgan Hill traffic model has 111 TAZs. Existing plus new development is calculated for each TAZ as part of the computer modeling process that leads to estimates of future traffic conditions. In the General Plan EIR, projected new non-residential development was allocated to TAZs based on the amount of under developed and vacant land within a TAZ in proportion to the City's total amount of under developed and vacant land. For example, TAZ 92 is a 65 acre area northeast of the Highway 101/Cochrane Road interchange. The area includes primarily vacant and agricultural land (thus, from the perspective of the General Plan traffic analysis, considered "under developed") and designated Commercial in the General Plan. For 2025, the traffic model assumed 284,600 square feet of retail development. Full build out for TAZ 92 was calculated as 581,500 square feet of retail floor area. Projected residential development was allocated based under developed and vacant land and the geographical allocation provisions of Measure P, which were assumed to be extended to at least 2020.

A methodology that would have allocated new development based on a projection of what under developed and vacant land was most likely to develop during the 1997 to 2020 period was rejected by the General Plan Advisory Committee as being both too speculative and as conveying an unwarranted sense of City priority as to which properties should develop.

As part of recent background research for the Urban Limit Line (Greenbelt) Study, staff reevaluated the amounts vacant and underdeveloped land in the General Plan's Single Family, Multiple Family, Commercial and Industrial land use categories. This assessment includes land within the City as well as unincorporated land within the City's Urban Growth Boundary (UGB). Lands designated Rural County or Open Space, most of which are outside the UGB, were not analyzed. The recent analysis found that, as of the end of 2002:

Single Family Residential:

- Potential units on vacant and underdeveloped land within the City: 2200
- Potential units on vacant and underdeveloped unincorporated land within the UGB: 2500
- Build out of vacant and underdeveloped land at 175 units per year would satisfy demand through 2028.

Multiple Family Residential:

- Potential units on vacant and underdeveloped land within the City: 2100
- Potential units on vacant and underdeveloped unincorporated land within the UGB: 250
- Build out of vacant and underdeveloped land at 75 units per year would satisfy demand through 2033.

Commercial:

- Approximately 240 acres of vacant and underdeveloped commercially designated land exists within the UGB.
- The General Plan EIR assumed that Commercial land would develop with a floor area ratio of 0.25 (10900 square feet per gross acre) and about 50,000 square feet of commercial floor area would be built each year.
- From 1998 through 2002, the City's commercial development averaged about 8250 square feet per acre (a 0.19 FAR) with about 40,000 square feet built each year.
- The 240 acres of commercial land would satisfy the City's need for commercial land for the next 40 years (assuming a 0.20 FAR and 50,000 square feet built per year) or for the next 65 years (assuming a 0.25 FAR and 40,000 square feet per year).

Industrial:

- Approximately 630 acres of vacant or underdeveloped Industrial land exists within the UGB.
- The General Plan EIR assumed that Industrial land would develop with a floor area ratio of 0.33 (14,400 square feet per gross acre) and

- about 231,000 square feet of industrial floor area would be built each year; thus absorbing about 16 acres each year.
- From 1998 through 2002, the City approved development on about 240 acres of Industrial land (40 acres per year); from 1990 through 2002, the City approved development on about 300 acres of Industrial land (23 acres per year).
- From 1998 through 2002, Industrial land developed at a 0.31 FAR, which is close to the 0.33 FAR assumed in the General Plan EIR.
- If 23 acres are built on each year, there is enough vacant or underdeveloped Industrial land to last to about 2029.

Staff compared the population and employment projections provided in 2002 by the Association of Bay Area Governments (ABAG) and the General Plan's projections prepared in 1997. Population projections were reasonably consistent between the City and ABAG. For 2025, the City's employment projections are 35,190 jobs versus ABAG's projection of 24,190 jobs. ABAG's County level projections are generally regarded as reasonable but the allocation of projections among local jurisdictions has varying levels of accuracy. For the assessment of future land needs, staff relies on the General Plan projections.

There are several key implications for the information outlined in this staff report. First, development activity, especially on Commercial and Industrial lands, may vary substantially from assumptions in the General Plan and the General Plan's transportation analysis.

Second, as development is approved, relying on the General Plan EIR's Transportation analysis and findings will be increasingly difficult as development in more TAZs exceeds the Plan's assumptions and impacts of development spill over between TAZs.

Third, specific development applications often have a more focused transportation analysis that evaluates intersections that were not among the 33 intersections analyzed in the General Plan (see attached list of intersections). New situations where the General Plan's LOS standard can not be achieved are likely to be found as part of the more detailed analysis.

Fourth, individual development applications that exceed the General Plan's 2025 development assumptions, either by themselves or as a result of cumulative development, may result in intersection levels of service that violate the General Plan's Circulation Policy 3d:

"As the design criteria for roadway improvements, use LOS E at freeway ramp intersections and LOS D+ or better elsewhere, except use LOS D at the following intersections (where achieving LOS D+ would require extraordinary expenditure and right-of-way acquisition):

- Madrone Parkway and Monterey Road
- Tennant Avenue and Butterfield Boulevard
- Watsonville Road and Monterey Road"

Violations of the current LOS policy would trigger physical changes to the intersection, or amendment of Policy 3d if achieving LOS D+ or better was not feasible but an LOS D could be achieved, or, if adequate mitigation is not available, requiring modification of the policy to find that a lower LOS (e.g. D- or E) was acceptable. City approval of a LOS inconsistent with the General Plan would require an environmental impact report and City Council findings of overriding significance in order to approve the development. Lowering the LOS standard in the General Plan may also require an environmental impact report.

Policy 3d, the intersection level of service standard, does not address unsignalized intersections. The focus on signalized intersections assumes that many intersections of collector and arterial streets that are currently controlled by stop signs (e.g. Cochrane/Peet, Murphy/Dunne) will be signalized by 2020. In the interim, the lack of a standard for stop sign controlled intersections leaves open the question, when assessing proposed developments, as to when a significant impact occurs. This omission in the General Plan should be addressed with a Plan amendment that would establish a level of service standard for stop sign controlled intersections.

Attachments:

- 1. Land Use Development Table
- 2. Intersections Evaluated in the General Plan EIR
- 3. General Plan Page 14
- 4. General Plan page 25
- 5. General Plan page 55

Attachment 1 Land Use Development Assumptions Morgan Hill General Plan---1997, 2025 and Full Build Out of the General Plan

Land Use	1997 Development	2025 Traffic Model	Annual Rate of Development assumed in the General Plan EIR	Full General Plan Build Out*	Full Build Out Minus 2025 Traffic Model Development	Year of Full Development at Annual Rates of Development Assumed in the General Plan EIR****
Single Family dwelling units	7871	11,265**	150 dwelling units per year	13,250	1,985	2033
Multiple Family dwelling units	2713	4,985**	100 dwelling units per year	6,300	1,315	2033
Industrial SF	1,233,025	2,414,875***	42,209 square feet per year	3,647,900	1,233,025	2054
Office SF	629,395	1,163,700***	19,082 square feet per year	1,721,150	557,450	2054
R & D SF	1,653,108	6,380,280***	169,828 square feet per year	11,312,230	4,931,950	2054
Retail SF	1,818,331	3,225,580***	50,259 square feet per year	4,693,800	1,468,220	2054

Source: CCS Engineering's Traffic Model Assumptions used in Morgan Hill General Plan 2020 Environmental Impact Report

^{*} Full Build Out equates to development of all land within the Sphere of Influence consistent with the land use designations in the General Plan.

^{**} The traffic model used residential projections to 2020 and assumed that Measure P would be extended.

^{***} The traffic model used non-residential development projections to 2025.

^{****}Calculated by using the total amount of development assumed to remain after the development assumed in the General Plan's traffic model (i.e. full General Plan build out minus 2025 Traffic Model Development) and dividing that number by the annual amount of assumed development used in the traffic model (e.g. 1,985 single family units are identified as being possible to develop in addition to the 11,265 assumed in the traffic model. 1,985 divided by 150 units per year provides for 13 years of development beyond the projection for 2020 used in the traffic model.).

Attachment 2 Intersections Evaluated in General Plan 2020 Environmental Impact Report for Traffic Conditions in 2025

	Conditions	111 2020
	<u>Intersection</u> <u>Level</u>	of Service
1.	Burnett Avenue/Monterey Road	B+
2.	Peebles Avenue/Monterey Road	A
3.	Madrone Pkwy/Santa Teresa Blvd.	B-
4.	Madrone Parkway/Monterey Road	D
5.	Cochrane Road/Monterey Road	В
6.	Cochrane Road/Butterfield Blvd.	D+
7.	Cochrane Road/Sutter Blvd.	C
8.	Cochrane Road/Hwy 101 SB Ramps	C
9.	Cochrane Road//Hwy 101 NB Ramps	B+
10.	Cochrane Road/St. Louise Drive/	
	Murphy Avenue	C
11.	Cochrane Road/Hill Road/Peet Road	A
12.	Old Monterey Road/Monterey Road	C
	Main Avenue/Santa Teresa Blvd.	В-
14.	Main Avenue/Monterey Road	LOS not provided*
	Main Avenue/Butterfield Blvd.	LOS not provided*
16.	Main Avenue/St. Louise Drive/	C+
	Murphy Avenue	
17.	Dunne Avenue/Santa Teresa Blvd.	C
18.	Dunne Avenue/Monterey Blvd.	C
	Dunne Avenue/Butterfield Blvd.	D+
20.	Dunne Avenue/Walnut Grove Dr.	C
21.	Dunne Avenue/Hwy 101 SB Ramps	C
	Dunne Avenue/Hwy 101 NB Ramps	В
	Dunne Avenue/Condit Road	C+
24.	Dunne Avenue/Hill Road	D+
25.	Edmundson Avenue/Santa Teresa Blvd.	C+
26.	Tennant Avenue/Monterey Road	C
	Vineyard Blvd./Monterey Road	C
28.	Tennant Avenue/Butterfield Blvd.	D
29.	Tennant Avenue/Hwy 101 SB Ramps	C
30.	Tennant Avenue/Hwy 101 NB Ramps	C+
31.	Tennant Avenue/Murphy Avenue/	
	St. Louise Drive	C
32.	Watsonville Road/Santa Teresa Blvd.	C-
33.	Watsonville Road/Monterey Road	D
34.	Watsonville Road/Butterfield Blvd.	В
35.	East Middle Ave./Butterfield Blvd.	В
* F	uture configuration of traffic lanes identified	l in the EIR

^{*} Future configuration of traffic lanes identified in the EIR



REDEVELOPMENT AGENCY MEETING DATE: May 21, 2003

ROYAL COURT HOUSING PROJECT LOAN

RECOMMENDED ACTION(S): 1) Approve a loan of up to \$3.75 million to South County Housing Corporation (SCH) to develop the Royal Court Housing Project; 2) Authorize the Executive Director to do everything necessary and appropriate to execute and implement the attached Loan Agreement; and, 3) Appropriate \$350,000 from fund 327.

EXECUTIVE SUMMARY: In December 2002, as part of the discussion on the Comprehensive Housing Strategy, the Agency Board approved

the Royal Court Housing concept of developing a mixed ownership and rental housing project. The project site consists of four parcels reaching from Monterey Road on the east to Del Monte Avenue on the west. The site encompasses approximately 4.74 acres. SCH has options to purchase the four parcels that must be exercised before July 1, 2003 (See attached site plan).

Prepared By:

BAHS Analyst

Approved By:

BAHS Director

Submitted By:

Executive Director

Agenda Item # 26

SCH has divided the project site into three zones: an ownership housing section on Del Monte Avenue; a rental housing section in the center of the property; and a commercial or commercial/housing mixed-use section at Monterey Road. The ownership portion would consist of 13 to 16, 3-and 4-bedroom townhouses. These units would replace the 10 apartments and 3 houses existing on the site. Ownership for these units would be targeted toward families whose incomes ranged from 60% to 120% of the area median. Construction of this phase of the project could begin in the Spring of 2004.

The concept plan has 44, 1-, 2- and 3-bedroom apartments in five three-story buildings in the interior of the property. It is anticipated that the apartment financing would require tax credits, so resident incomes would range from 30% to 60% of area median. SCH will seek allocations under Measure P for this phase of the project. If successful, construction of the apartments could begin as early as 2005. The plan also shows a 5,000 square foot commercial building on a ³/₄ acre portion of the site that fronts on Monterey. This portion would not be included in the housing project. However, the overall plan is still conceptual. Our overall goals are to maximize funding leverage and the number of units on the site. We are still working through the zoning and planning issues (e.g., parking) associated with the project.

The attached loan documents give the Agency Executive Director authority to make adjustments to the Agreement as may be necessary to complete both the ownership and rental phases of this project so long as the loan amount does not increase. The agreement stipulates that up \$1.75 million of the \$3.75 million can be allocated to the ownership portion of the development with the balance allocated to the rental units. We anticipate, however, that leveraging of the townhouse purchases and the permanent apartment financing could reduce the Agency's contribution from its current \$3.75 million to \$2.8 million. Sale of the commercial portion would result in even greater savings.

FISCAL IMPACT: This year's housing budget has \$3.4 million available in the new projects fund (327-86441). The remaining \$350,000 will need to be appropriated from the 20% Housing Set-Aside unallocated fund balance.



REDEVELOPMENT AGENCY

MEETING DATE: May 21, 2003

FAÇADE IMPROVEMENT PROGRAM

RECOMMENDED ACTION(S):

- 1. Consider request for a "triple" façade grant for the Granary project on Depot Street; and
- 2. Discuss policy regarding the ability of businesses receiving specific assistance packages from the Agency to also participate in other business assistance programs offered by the City/Agency.

Agenda Item # 27

Approved By:

BAHS Director

Submitted By:

Executive Director

EXECUTIVE SUMMARY: (Note: This item was continued from the May 7, 2003 Agency meeting at the request of the applicant.) In February 2003, the City Council/Redevelopment Agency approved a loan of \$350,000 for Weston-Miles Architects to renovate the Isaacson Granary located on Depot Street. Weston-Miles proposed to renovate the existing Granary into 10,000 sq. ft. of commercial/office space. At the time of the loan request, staff was unaware that Weston-Miles also wanted to participate in the façade improvement program. We have since discussed their request with the Council's Economic Development Committee (Committee). The Committee stated that the loan to Weston-Miles should be the full extent of the Agency's participation in the project and that Weston-Miles should not be eligible for any additional assistance. Attached is a letter from Weston-Miles asking that their request be presented to the Redevelopment Agency for consideration. Their request is for a triple façade grant. It should be noted that we only discussed a request for a single façade grant with the Committee as that was our understanding at the time. Please note that a "triple" façade request would always require Agency approval. Staff only has the authority to approve single façade grants.

This request also raises a broader policy issue regarding whether a business receiving a specific assistance package from the Agency should also be allowed to participate in on-going assistance programs offered by the City/Agency. Normally, a business assistance package that goes to the Agency for consideration would identify all the Agency/City programs that the businesses wants to receive assistance from. These programs are on-going, standard assistance programs such as the small business fee deferral program or façade improvement program that can be administratively approved.

In general, an assistance package to a business is based on numerous factors such as need, benefit to the City, and type of project. To allow participation in the standard programs would provide additional assistance to the business without a corresponding benefit to the City because the business would need to perform whether they received additional funding or not. On the other hand, once the business performed their contractual obligations, shouldn't they be allowed to participate in standard programs if they meet the program criteria. For example, once the Granary is rehabbed, if they are allowed to participate in the façade program in the future, why can't they participate now?

We are requesting direction on how to proceed with Weston-Miles and how to address such requests in the future. With regard to the policy issue, some options for the Agency to consider include:

- 1) Refer the policy issue to the ED Committee for recommendation.
- 2) Allow or do not allow businesses receiving a specific assistance package to participate in standard programs.
- 3) Establish criteria/thresholds for when a business would be allowed to do so.
- 4) Do nothing and consider on a case by case basis.

FISCAL IMPACT: A triple façade grant would cost upwards of \$53,000.



CITY COUNCIL/REDEVELOPMENT CITY OF MORGAN HILL AGENCY MEETING DATE: May 21, 2003

RENOVATION OF THE ISAACSON GRANARY

RECOMMENDED ACTION(S): Consider request from Weston-Miles Architects to defer the undergrounding of overhead utility lines for the Granary project until the entire parcel is developed and direct staff on how to proceed.

Agenda Item # 28	
Approved By:	
BAHS Director	_
Submitted By:	
Executive Director	_

EXECUTIVE SUMMARY: In February 2003. City Council/Redevelopment Agency approved a loan of \$350,000 for Weston-Miles Architects (WMA) to renovate the Isaacson Granary located on Depot Street. WMA proposed to renovate the existing Granary into 10,000 sq. ft. of commercial/office space.

As part of the conditions of architectural and site approval, WMA is required to underground the overhead utilities for the Granary project. WMA states that the undergrounding requirement places an unanticipated financial burden on their project. According to Title 12 "Streets, Sidewalks, and Public Places" of the City's municipal code, if improvements exceed 50% of the value of the building, then the project is required to install on- and off-site improvements per City standards. WMA indicates they have other concerns pertaining to its architectural and site approval, but staff is working with them on those other issues.

In the attached letter, WMA contends that they should not be required to underground the overhead utilities because: 1) the train depot project did not underground utilities and the design for Depot Street is incomplete, 2) they purchased "recycled" electrical equipment to qualify the building for a LEEDs certification, but that the equipment is specific to the existing amperage which would change if the utilities are undergrounded, and 3) the proposed improvement do not exceed the 50% threshold requirement. However, WMA is willing to accept a condition which requires the undergrounding of utilities upon the full development of both the southern and northern parcels (see map). Please note that the municipal code does not allow for deferred development agreements.

Our position is that proposed improvements exceed the 50% value of the building and trigger the onand off-site requirements. The building is being purchased for \$450,000 and the proposed improvements far exceed \$225,000. In addition, if one of the goals of the Agency's financial participation in the project is to eliminate blight in the downtown area, then the project should underground the utilities.

The City Council/Agency has the following options to address this request:

- 1) Require the undergrounding of utilities without additional financial assistance.
- 2) Allow WMA to pay an in-lieu fee for the undergrounding of improvements.
- 3) Encourage WMA to pursue the "exception" process which requires a report from the Planning Commission recommending that the Council approve the development permit with an exception to the undergrounding requirement.
- 4) Provide additional funding to WMA to cover the cost of the utility undergrounding or payment of the in-lieu fee.

Staff recommends WMA be allowed to pay the in-lieu fee. This process will require that the Council consider the request at a public hearing. We are also recommending that WMA work with staff to reevaluate the level of Agency financial assistance needed to develop the project.

FISCAL IMPACT: Depends on the actions undertaken by the Agency/City Council.